



# **Simble Solutions Limited and its controlled entities**

**ABN 17 608 419 656**

**Annual Report - 31 December 2018**

**Simble Solutions Limited and its controlled entities**  
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**31 December 2018**



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Dear Fellow Shareholders,

On behalf of the Board of Simble Solutions Limited, I am pleased to present our 2018 Annual Report and I would like to thank you for your support as a shareholder, partner or customer over the past year.

2018 effectively marks the first full year as a listed company following our successful Initial Public Offering in February 2018. We have navigated challenges and made significant progress to position the business for growth.

In my role as Independent Chairman I am witnessing transformational changes in the global energy market, resulting in opportunities and challenges alike. Underpinned by mounting scientific evidence on the negative impacts of energy-related carbon dioxide emissions, we are seeing a substantial increase in government funding programs and initiatives to improve energy efficiency and incentivise businesses to reduce their energy consumption. However, the shift to a lower carbon economy has barely begun.

Today, businesses of all shapes and sizes are suffering not only from rising energy prices but also simply because of a lack of visibility and control of their own usage. Simble's vision is to leverage smart technology to turn data into insight and give control back to the customer. Demand for smart energy technology such as our disruptive Simble Energy solution suites will continue to rise and we believe we are at the forefront of global mega trends spanning Internet of Things technology through to Machine Learning.

Over the past 12 months, Simble has successfully expanded its presence in the UK market, deepened its distribution network in Australia and as a result grown its customer base by 241% year-on-year. However, the Board acknowledges that a detailed strategic review was needed after the IPO to reduce overheads and expenditure, which commenced in mid-2018. As a result, the Company has dramatically reduced the cost base and simplified its corporate structure, delivering an improved commercial model in the second half of the year and beyond. The Chief Executive Officer's Report outlines the key metrics and operational highlights of the Company during the financial year 2018.

Simble's Board ensures that the Company is conducted in accordance with the highest standards of corporate governance, whilst providing guidance and oversight. I acknowledge the support and dedication of my Board colleagues over the past year and would like to highlight that we are committed to serving the interest of our shareholders, partners, customers and employees by assessing all options to create value.

I thank the management team and all team members for their hard work and dedication in what has been a transformational year for Simble.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Tye', written in a cursive style.

Philip Tye  
Chairman  
29 March 2019

Dear Shareholders,

I am delighted to present Simble's 2018 Annual Report as we review our first year as a public company. Simble has undergone significant developments and we delivered substantial improvements in the second half of the year following a bumpy start.

### **Fiscal management delivers tangible improvements**

Simble listed on the ASX in February 2018 with a mission to commercialise its disruptive IoT energy analytics platform through a partner-led sales strategy. We have invested heavily in product development and expansion of our channel partner network in Australia and the UK to position the Company for sustainable long-term growth.

We secured our first material sales order in July 2018 and subsequently gained robust traction in the second half of the year, strongly leveraging our quality partnerships, technical capabilities and refined sales strategy. Revenues from our core business – the energy software division – rose to \$785,000 for the year, a 134% increase over the previous corresponding period. The key driver was a 241% increase in connected customer sites on the Simble Energy Platform, onboarded through our growing channel partner ecosystem. We have signed additional transformational partnerships and contracts in the early stages of 2019 – including with UCR Consultants and BidEnergy - adding to the strong momentum.

The Company achieved this growth whilst simultaneously implementing stricter fiscal policies and reducing the quarter-on-quarter cash burn rate significantly. In my role as Chief Executive Officer, I recognise and acknowledge the challenges and headwinds that have shaped the first six months of the year. We have built capability and invested in infrastructure ahead of schedule which together with legacy balance sheet issues negatively impacted the bottom line of the full year result. In response, Simble quickly launched a detailed strategic review in collaboration with key shareholders and implemented dramatic efficiency and cost savings measures which delivered immediate tangible results.

The Company managed to reduce the gross costs of the business in every quarter of the year, lowering the gross monthly costs from \$790,000 in the first three quarters of the year to approximately \$650,000 in the fourth quarter. We are on track for \$530,000 for Q1 2019, which represents a 33% improvement year-on-year, whilst simultaneously growing the core business and investing in world-class capability. Further reductions are expected for the remainder of the year and I can confidently say that we are now entering the next stage of our growth trajectory with a much leaner corporate structure, diligent fiscal policies and refined sales and marketing approach. The Board believes that our investments in innovation, staff and operational infrastructure will put the Company in a unique position to capitalise on the enormous global opportunity of the IoT and smart energy software market.

### **UK expansion gathering pace**

The UK represents a major growth opportunity for Simble as legislation is driving demand for energy efficiency solutions amid a national government mandated smart meter rollout to a market five times larger than Australia.

Partnerships with key industry players are the heart and soul of our expansion strategy and we have started to harness these relationships and delivered early results ahead of a greater rollout and mass adoption in 2019.

Simble achieved the first breakthrough in Q3 FY18, delivering material sales in a technology bundling arrangement alongside one of the world's largest lighting manufacturers. Targeting the growing market for "smart lighting" solutions, we will continue to work alongside our channel partners - including Powercor Limited - to deliver additional contract wins in the broader SME and enterprise sector.

Following the formal launch of the Virtual Analytics App in collaboration with Accel-KKR backed Utiligroup Limited in Q4 FY18, Simble is targeting the mass adoption of its disruptive solution in the UK residential market as we leverage the expertise and reach of our partner. Underpinned by our first-mover advantage and highly experienced team on the ground, we have gained early traction in a market that is currently being disrupted by energy brokers and *the next generation* of utility providers.

### **Expansion of product suites underpins scalability**

The Company has invested heavily in research and development throughout the year, driving innovation and expanding our solution suites to meet market demand and to scale the Company's revenue engine. These investments have started to deliver increased sales reach, demonstrated by our partnership with energy broker UCR Consultants. UCR will offer Simble's software-only energy analytics platform to its end-customers through the cloud, giving control back to businesses and empowering them to reduce their energy footprint with accurate and readily available data beautifully visualised in a digital customer journey. This partnership will allow us to connect a minimum of 10,000 and up to 60,000 smart meters to our Big Data analytics platform.

Our product suite has evolved to offer a unique solution to our customer's pain points, offered at various price points and customised for different target groups including enterprise, SME and residential users. Simble's energy management & data analytics suites enable grid-connected premises to reduce energy wastage, automate control of their switch circuitry and monetise surplus microgeneration capacity. Each platform has the capability to run advanced algorithms in the cloud to offer smart analytics to the end user, feeding through to our powerful Big Data infrastructure.

Simble's ongoing focus on innovation and relentless drive to stay ahead of the curve will accelerate user growth on the platform, create new revenue streams and add real value to our growing customer base.

### **Simble's commitment to shareholders, customers and partners**

Our priority as a company is to build upon the strength of our business model and competitive advantage to position Simble as a partner of choice for our customers, as we help them to thrive by building a sustainable business.

Simble had a bumpy start as a listed entity but our refined approach has revitalised the business and will allow us to capitalise on a strong pipeline of opportunities. Recently initiated partnerships have the potential to deliver step-change in revenues, allowing Simble to nurture the investments we have made over the past 12 months.

I am proud of how the team has navigated through an exciting year and we will continue to work hard to achieve outstanding results for all stakeholders.

The Board and Management will continue to monitor costs and cash management and this includes an assessment of all options to increase shareholder value. We are fully committed to our supportive shareholders and take the privilege of being a listed company very seriously.

I thank all of our shareholders for your continued support and I am excited by the opportunities that lie ahead.



Fadi Geha  
Chief Executive Officer  
29 March 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Simble Solutions Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2018.

### Directors

The following persons were directors of Simble Solutions Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Philip Tye (Chairman)  
 David Lawrence Astill  
 Fadi Geha  
 Phillip Said Shamieh

(Resigned 16 May 2018)

### Principal activities

During the financial year, the principal continuing activities of the Group consisted of providing and developing Software as a Service ('SaaS') for businesses and organisations seeking mobility and energy management solutions.

### Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

### Review of operations

The loss for the Group after providing for income tax amounted to \$7,719,698 (31 December 2017: \$7,644,078).

For the year ended 31 December 2018, revenues declined by 6% to \$2,131,695 from \$2,266,811 in December 2017. Revenues from the Company's Simble Energy division increased by 134% to \$784,529, compared to \$335,754 in the previous corresponding period. The full year represented the first 12-month period of accelerated focus on the Simble Energy division following a period of restructuring and a strategic focus on energy software solutions ahead of the Company's Initial Public Offering in early 2018. The key driver behind the growth in Simble Energy revenues was a 241% increase in customer sites on the Simble Energy Platform to 174 at 31 December 2018, delivering Software-as-a-Service (SaaS) and hardware revenues. Simble's SaaS revenues are recognised on a pro-rata basis over the underlying users contract life with \$831,273 to be recognised in the coming financial year 2019.

The primary reason for the 6% decline in total revenues was a 34% decline in revenues from Mobility to \$1,127,123 during the full financial year.

The results for the year ended 31 December 2018 were impacted by several non-recurring items attributable to the IPO. Underlying EBITDA is a key measurement used by management and the board to assess and review business performance. Underlying EBITDA for the 12 months ended 31 December 2018 was a loss of \$3,510,838. Total comprehensive loss includes an impairment of goodwill of \$820,000 which relates to goodwill accounted for at time of acquisition in relation to the Mobility business. The table below provides a reconciliation between statutory net loss and underlying EBITDA:

	<b>Consolidated 2018 \$</b>
Total comprehensive loss	(7,719,698)
<i>Add back:</i>	
Interest	261,185
Depreciation	25,750
Amortisation	2,359,145
Impairment of goodwill	<u>820,000</u>
Statutory EBITDA	(4,253,618)
<i>Add non-recurring items:</i>	
IPO expenses	<u>742,780</u>
Underlying EBITDA	<u><u>(3,510,838)</u></u>

Cash receipts from customers increased by 8% to \$2,283,057 compared to \$2,118,132 in December 2017. The cash balance at 31 December 2018 was \$849,438 (31 December 2017: \$45,303).

Simble continued its investment in Intellectual Property and operational infrastructure to position the Company for significant growth through a partner-led sales strategy. However, the Company initiated a fundamental and widespread review of its business operations in Q2 FY18, which had a significant positive effect on cost minimisation whilst ensuring that revenues continue to grow. Net cash used in operating activities excluding R&D tax offsets declined by 70% in Q4 2018 compared to Q1 2018 as a result of an increase in cash receipts and diligent fiscal management.

The Board and Management continue to monitor costs and cash management, and this includes an assessment of all options and opportunities to improve shareholder value.

#### **Significant changes in the state of affairs**

On 22 February 2018, after a successful Initial Public Offering ('IPO'), the Company was admitted to the official list of the Australian Securities Exchange (ASX: SIS). Under the IPO, the Company issued 37,500,000 ordinary shares, raising \$7,500,000 before costs. In addition, all convertible notes were converted into 23,751,656 ordinary shares.

On 3 August 2018, the Company announced the successful completion of a \$2 million oversubscribed placement of 13.3 million ordinary shares to institutional and sophisticated shareholders conducted under the Company's existing 15% placement capacity. The placement was subscribed at \$0.15, representing a 3% discount on the 5 day volume weighted average price. The placement rank equally with existing Company shares.

On 22 August 2018, 23,100,250 ordinary shares were released from voluntary escrow as part of the Company's listing on the ASX and are already quoted in accordance with ASX listing rules.

There were no other significant changes in the state of affairs of the Group during the financial year.

#### **Matters subsequent to the end of the financial year**

In February 2019 and March 2019, the Company raised \$650,000 and \$285,000 respectively by way of unsecured convertible notes. The notes are convertible on or before 31 December 2021 at a conversion price of 15 cents and bear interest at 10% per annum.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

The Company will continue with the development of the Simble Energy Platform and associated IP. The allocation of resources will continue to be focused on high growth opportunities in Australia and the UK through a channel partner-led strategy with a strong focus on diligent fiscal management.

#### **Environmental regulation**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Information on directors

Name:	<b>Philip Tye</b>
Title:	Non-Executive Director and Chairman (appointed 8 December 2017)
Qualifications:	Bachelor of Science degree from the University of Essex, Senior Fellow Member and Director of The Hong Kong Securities and Investment Institute, Fellow Member of the Hong Kong Institute of Directors, Member of the Institute of Chartered Accountants in England & Wales and Member of the Australian Institute of Company Directors
Experience and expertise:	Philip has been involved in the Asian capital markets for over 20 years, having most recently established HFL Advisors Limited as a platform to provide independent directorship and advisory services to various corporates and alternative investment funds. He is a leading figure in the Asian hedge fund industry as member of the AIMA Global Council and immediate past Chair of the AIMA Hong Kong Chapter. Philip built and ran DragonBack Capital, a multi-strategy hedge fund manager and then hedge fund platform based in Hong Kong, between 2007 and 2012. At DragonBack he was responsible for all non-trading aspects of the hedge fund business, with particular oversight over risk control, compliance, operations, financial control and IT. Philip has held various senior roles since he moved to Hong Kong with KPMG. He was CFO and Director for PMA Investment Advisors, a Director at Credit Suisse (where his roles included Prime Brokerage sales, COO for NJA Cash Equities and Head of the Strategic Projects Group for the regional finance department), and he also worked at KPMG focusing on banking and securities companies across the region. Philip is a member of the Listing Committee of the Hong Kong Stock Exchange.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman, Audit Committee, Remunerations Committee
Interests in shares:	None

Name:	<b>David Lawrence Astill</b>
Title:	Non-Executive Director
Qualifications:	Bachelor of Laws from the Queensland University of Technology, Member of the Queensland Law Society and Member of the Australian Institute of Company Directors
Experience and expertise:	David is a Legal Practitioner of the Astill Legal Group which has been in operation for over forty years and retains active panel appointments with major banks and corporations in Australia. During the last ten years David has built a Corporate Advisory and Governance practice and has provided advice on strategic matters, project planning and management for major transactions. David's experience extends to capital markets, mergers and acquisitions and corporate restructuring, and he has acted on transactions and capital raisings (equity and debt) across various sectors for many listed and unlisted companies in Australia. David has range of clientele ranging from banking and financial institutions, mortgage trusts, property and development corporations, and individuals who he advises in relation to a wide range of commercial and corporate issues and shareholder contests (including managing related litigation). David is admitted as a solicitor of the Supreme Court of Queensland and High Court of Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and Audit and Risk Committee
Interests in shares:	216,030 ordinary shares (indirectly)



**Name:** **Fadi Geha**  
**Title:** Chief Executive Officer  
**Qualifications:** Bachelor of Civil Engineering from the University of Sydney  
**Experience and expertise:** Fadi is an engineer with over 25 years experience in enterprise software sales, consulting, and IT mergers and acquisitions ('M&A'). He is the founder of Acresta (now part of Simble) and has served as its CEO for the past seven years. Fadi has held senior management positions with SAP Australia and Accenture. From 2003-2006 he served as Vice President Asia Pacific and Director at Viewlocity Technologies and led Viewlocity's expansion into the Asian region including the acquisition of key clients in Japan, Korea, and South East Asia which resulted in Viewlocity being named top IBM partner in Australia for SaaS offerings in 2005. In 2006, Fadi facilitated the M&A activity that resulted in the acquisition of Viewlocity Inc by Supply Chain Consulting. Fadi joined the executive team at Supply Chain Consulting and in 2009 Fujitsu Australia acquired Supply Chain Consulting for \$48 million. Fadi is a Member of the Australian Institute of Company Directors and Director of Business Council for Sustainable Development, Australia – Australia's leading business think tank and advocacy group promoting commercial solutions to environmental challenges.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Audit Committee, Remunerations Committee  
**Interests in shares:** 620,833 ordinary shares (directly), 11,386,252 ordinary shares (indirectly) and 11,250,000 performance shares (indirectly)

**Name:** **Phillip Said Shamieh**  
**Title:** Former Executive Commercial Director (Resigned 16 May 2018)  
**Qualifications:** Bachelors of Commerce Degree and a Postgraduate Degree in Applied Finance and Investments from the Securities Institute of Australia  
**Experience and expertise:** Phillip is a seasoned senior level executive with 20 years of experience in research, operations, financial management and reporting, business development and strategy, merger and acquisitions. Phillip has been the Founding Director and Chief Financial Officer of Allied Resources Limited since 2011, a diversified mining company that holds assets in Africa. He was previously the Managing Director and Head of Natural Resources for Clarksons Investment Services, a subsidiary of the world's largest integrated supplier of shipping services, Clarksons plc. Phillip has also been involved with an ASX300 listed company, for a period of 7 years in various capacities including strategic advisor. For this Company he was instrumental in helping restructure their balance sheet, which included a successful US\$150m Senior Secured note and has secured more than US\$350m from global institutional investors for Australia's largest privately funded irrigation project. Phillip was also the founding director and shareholder of Incipient Holdings Limited a boutique merchant-banking firm with investments spanning technology, telecommunications, financial services, mining and petroleum across Africa, Asia and Australia. Phillip has raised and advised on over \$2billion worth of equity, debt and convertible transactions in his career.

**Other current directorships:** Not applicable as no longer a Director  
**Former directorships (last 3 years):** Not applicable as no longer a Director  
**Special responsibilities:** Not applicable as no longer a Director  
**Interests in shares:** Not applicable as no longer a Director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Joint Company secretaries

Name:	Hasaka Martin
Title:	Joint Company Secretary (Appointed 9 November 2018)
Experience and expertise:	Hasaka is a chartered Company Secretary, holds a Graduate Diploma in Applied Corporate Governance and is a fellow of the Governance Institute of Australia. Hasaka is the Company Secretary for several listed companies.
Name:	Stephen Strubel
Title:	Joint Company Secretary (Appointed 9 November 2018)
Experience and expertise:	Stephen is an experienced Company Secretary of both listed and unlisted companies. Stephen holds a Masters of Business Administration, Bachelor of Business in Finance/International Trade, Graduate Certificate in Finance and a Certificate in Governance Practice from the Governance Institute of Australia.

Tharun Kappanda was sole Company Secretary until 31 August 2018. Kobe Li became sole Company Secretary from 31 August 2018 to 9 November 2018.

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2018, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination		Audit Committee	
	Attended	Held	Attended	Held	Attended	Held
Philip Tye	11	11	1	1	2	2
David Lawrence Astill	10	11	1	1	2	2
Fadi Geha	11	11	1	1	2	2
Phillip Said Shamieh	4	5	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the Group consisted of the following directors of Simble Solutions Limited:

- Philip Tye (Chairman)
- David Lawrence Astill
- Fadi Geha
- Phillip Said Shamieh (ceased directorship on 18 May 2018)

And the following persons:

- Phillip Said Shamieh - Executive Commercial Director (ceased employment on 30 September 2018)
- Mark Duke - Chief Financial Officer
- Bill Dimopoulos - Head of Sales and Marketing (ceased employment on 5 December 2018)
- Kalana Navaratne - Chief Product and Strategy Officer
- Martin Hannah - Chief Technology Officer (appointed on 3 April 2018)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### ***Principles used to determine the nature and amount of remuneration***

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### ***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The shareholders approval of a maximum annual aggregate remuneration of \$180,000 will be put forward at the Annual General Meeting to be held on 15 May 2018.

The Company has entered into an appointment letter with each of its non-executive directors. Non-executive fees are currently as follows:

Name of non-executive director	Fees per annum \$
Phillip Tye	60,000
David Astill	40,000

#### *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

#### *Incentive Option and Performance Rights Plan*

The Group has adopted an Incentive Option and Performance Rights Plan ('Incentive Plan').

The Incentive Plan is open to eligible participants of the Company or any of its subsidiaries who the Board designates as being eligible.

Performance Rights and Share options will be offered to eligible participants for no consideration under the Incentive Plan.

At the date of this report, no Performance Rights or Share Options had been granted under the Incentive Plan.

For the year ended 31 December 2018, there was no link between the Group's performance and key management personnel remuneration.

Shares in the Company were issued at the IPO on 22 February 2018 at 20 cents per share.

#### *The Simble Wealth Creation Scheme*

On 14 May 2018, the Company granted 4,495,750 Zero Exercise Price Options to certain management personnel ('Options') for nil cash consideration under the Simble Wealth Creation Scheme ('SWCS').

Pursuant to the SWCS, each Option will convert to one fully paid ordinary share in the Company on the vesting date of 31 March 2023 subject to:

- Consecutive service till the vesting date;
- Compound EBITDA growth to \$5 million or 125% by 31 December 2021. The starting point is \$1 million; and
- Compound share price growth to \$0.80 per share or 100% by 31 December 2021. The starting point is the original issue price of \$0.20.

As at 31 December 2018, management estimated that the fair value of the Options is nil due to low probability of fulfilling the above-mentioned vesting conditions.

Shares in the Company were issued at the IPO on 22 February 2018 at 20 cents per share.

#### *Use of remuneration consultants*

During the financial year ended 31 December 2018, the Group did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

**Details of remuneration**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2018	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
P Tye	64,559	-	-	-	-	-	64,559
D Astill	52,998	-	-	-	-	-	52,998
<i>Executive Directors:</i>							
F Geha	239,998	-	22,064	19,524	4,615	-	286,201
P Shamieh*	150,000	-	-	-	-	-	150,000
<i>Other Key Management Personnel:</i>							
M Duke	253,763	-	-	4,855	-	-	258,618
B Dimopoulos**	167,966	-	2,609	14,609	-	-	185,184
K Navaratne	200,800	-	-	-	-	-	200,800
M Hannah***	126,667	-	-	10,529	-	-	137,196
	1,256,751	-	24,673	49,517	4,615	-	1,335,556

\* Remuneration is from 1 January 2018 to date of cessation of employment, being 30 September 2018

\*\* Remuneration is from 1 January 2018 to date of cessation of employment, being 5 December 2018

\*\*\* Remuneration is from date of appointment as key management personnel, being 3 April 2018 to 31 December 2018

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments***	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2017	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
P Tye*	3,780	-	-	-	-	-	3,780
D Astill	40,000	-	-	-	-	-	40,000
<i>Executive Directors:</i>							
F Geha	147,333	-	9,511	19,916	4,001	124,167	304,928
P Shamieh	190,000	-	-	-	-	20,833	210,833
<i>Other Key Management Personnel:</i>							
M Duke	127,770	-	-	11,181	2,435	125,610	266,996
B Dimopoulos	185,335	-	4,955	18,746	3,174	91,394	303,604
K Navaratne	136,014	-	-	-	-	88,680	224,694
R Clarke**	62,961	-	-	6,017	-	3,125	72,103
	893,193	-	14,466	55,860	9,610	453,809	1,426,938

\* Remuneration is from date of appointment being 8 December 2017

\*\* Remuneration is from 1 January 2017 to date of resignation being 29 April 2017

\*\*\* Share-based payments relate to the Salary Sacrifice Shares, as well as the Performance Shares for Mark Duke, Bill Dimopoulos and Kalana Navaratne. Performance Shares granted to Fadi Geha and his affiliates, and to Phillip Shamieh and his affiliates are not included above as these were granted in their capacity of vendors of entities comprising the Simble Group.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI*	
	2018	2017	2018	2017	2018	2017
<i>Non-Executive Directors:</i>						
P Tye	100%	100%	-	-	-	-
D Astill	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
F Geha	100%	100%	-	-	-	-
P Shamieh	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
M Duke	100%	59%	-	-	-	41%
B Dimopoulos	100%	73%	-	-	-	27%
K Navaratne	100%	63%	-	-	-	37%
M Hannah	100%	-	-	-	-	-
R Clarke	-	100%	-	-	-	-

\* At risk - LTI relates to the Performance Shares for Mark Duke, Bill Dimopoulos and Kalana Navaratne

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Fadi Geha  
 Title: Chief Executive Officer  
 Agreement commenced: 1 September 2016  
 Term of agreement: No fixed term  
 Details: Fadi may terminate the employment contract by giving 12 months notice. The Company may terminate Fadi's employment by giving 6 months notice. Remuneration of \$262,800, discretionary annual performance bonus and participation in Incentive Plan at discretion of the Board.

Name: Mark Duke  
 Title: Chief Financial Officer  
 Agreement commenced: 1 August 2017  
 Term of agreement: No fixed term  
 Details: Either party may terminate the employment contract by giving 3 months notice to the other party. Remuneration of \$246,375, discretionary annual performance bonus and participation in Incentive Plan at discretion of the Board.

Name: Kalana Navaratne  
 Title: Chief Product and Strategy Officer  
 Agreement commenced: 12 October 2016  
 Term of agreement: No fixed term  
 Details: Either party may terminate the employment contract by giving 3 months notice to the other party. Monthly fee of £8,750 for periods in which services are provided plus commission of sales of software.

Name: Martin Hannah  
 Title: Chief Technology Officer  
 Agreement commenced: 3 April 2018  
 Term of agreement: No fixed term  
 Details: Either party may terminate the employment contract by giving 3 months notice to the other party. Remuneration of \$208,050, discretionary annual performance bonus and participation in Incentive Plan at discretion of the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2018.

#### Additional information

The earnings of the Group for the four years to 31 December 2018 are summarised below:

	Year to 31 Dec 2018 \$	Year to 31 Dec 2017 \$	6 months to 31 Dec 2016 \$	Year to 30 Jun 2016 \$
Sales revenue	2,131,695	2,250,357	517,213	-
EBITDA	(4,253,618)	(6,453,806)	(2,176,727)	(1,058,931)
EBIT	(7,458,513)	(7,450,389)	(1,743,670)	(1,058,931)
Loss after income tax	(7,719,698)	(7,644,078)	(1,660,422)	(1,069,160)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	31 Dec 2018	31 Dec 2017	6 months to 31 Dec 2016	30 Jun 2016
Basic loss per share (cents per share)	(9.01)	(31.32)	(7.72)	-
Diluted loss per share (cents per share)	(9.01)	(31.32)	(7.72)	-

#### Additional disclosures relating to key management personnel

##### Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
D Astill	216,030	-	-	-	216,030
F Geha	9,042,502	-	2,964,583	-	12,007,085
P Shamieh	5,182,110	-	-	(5,182,110)	-
M Duke	-	-	701,050	-	701,050
K Navaratne	-	-	29,401	-	29,401
	14,440,642	-	3,695,034	(5,182,110)	12,953,566

##### Convertible notes

The number of convertible notes held during the year by each director and other members of key management personnel of the Group, including personally related parties, are set out below:

	Balance at the start of the year	Converted to ordinary shares on IPO	Balance at the end of the year
Fadi Geha	2,343,750	(2,343,750)	-
Mark Duke	625,000	(625,000)	-
	2,968,750	(2,968,750)	-



#### Salary sacrifice shares

The number of salary sacrifice shares held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, are set out below:

	Balance at the start of the year	Converted to ordinary shares on IPO	Balance at the end of the year
Fadi Geha	620,833	(620,833)	-
Phillip Shamieh	104,167	(104,167)	-
Mark Duke	76,050	(76,050)	-
Bill Dimopoulos	42,969	(42,969)	-
Kalana Navaratne	29,401	(29,401)	-
	<u>873,420</u>	<u>(873,420)</u>	<u>-</u>

#### Performance shares

The number of Performance Shares held during the financial year by each director and other members of key management personnel, including personally related parties, are set out below:

	Balance at the start of the year	Lapsed during the year	Balance at the end of the year
Mark Duke	1,600,000	(600,000)	1,000,000
Bill Dimopoulos	1,200,000	(1,200,000)	-
Kalana Navaratne	1,200,000	(450,000)	750,000
	<u>4,000,000</u>	<u>(2,250,000)</u>	<u>1,750,000</u>

In addition, 18,000,000 Performance Shares were issued to each of Fadi Geha and affiliates, and Phillip Shamieh and affiliates, in their capacity as vendors of their entities to the Group. The Performance Shares were granted in December 2017 and issued on 22 February 2018, at the date of the IPO. In total, 12,500,000 of these Performance Shares lapsed during the year.

In total, 15,750,000 Performance Shares lapsed at 31 December 2018 as the Company did not meet its 2018 performance milestones and Mr Dimopoulos ceased employment during the year. The remaining 23,250,000 Performance Shares will convert to one fully paid ordinary share upon the Group achieving various EBITDA milestones for the year ended 31 December 2019.

***This concludes the remuneration report, which has been audited.***

#### Loans to directors and executives

There were no loans transactions with directors or executives made during the year ended 31 December 2018.

#### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.



### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

### **Officers of the Company who are former partners of Deloitte Touche Tohmatsu**

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

### **Auditor**

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Fadi Geha  
Director

29 March 2019  
Sydney

The Board of Directors  
Simble Solutions Limited  
Level 12, 6-10 O'Connell Street  
Sydney NSW 2000

29 March 2019

Dear Board Members

### **Simble Solutions Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Simble Solutions Limited.

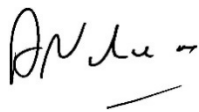
As lead audit partner for the audit of the financial statements of Simble Solutions Limited for the financial year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountants

Simble Solutions Limited and its controlled entities  
Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2018



	Note	Consolidated 2018 \$	2017 \$
<b>Revenue</b>			
Revenue	5	2,131,695	2,266,811
Cost of sales		(947,308)	(656,092)
Gross margin		<u>1,184,387</u>	<u>1,610,719</u>
Other income	6	214,314	439,597
Interest revenue calculated using the effective interest method		8,716	6,835
Reversal of impairment of receivables		-	7,480
Total revenue		<u>2,354,725</u>	<u>2,720,723</u>
<b>Expenses</b>			
Marketing		(296,135)	(132,745)
Administration	7	(6,962,260)	(5,381,918)
Impairment of goodwill	16	(820,000)	-
Impairment of receivables		(44,755)	-
Initial Public Offering expenses		(742,780)	(415,848)
Other expenses	7	-	(3,577,674)
Finance costs	7	(261,185)	(416,504)
<b>Loss before income tax benefit</b>		(7,719,698)	(7,860,058)
Income tax benefit	8	-	215,980
<b>Loss after income tax benefit for the year attributable to the owners of Simble Solutions Limited</b>		(7,719,698)	(7,644,078)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(81,790)	(21,511)
Other comprehensive loss for the year, net of tax		(81,790)	(21,511)
<b>Total comprehensive loss for the year attributable to the owners of Simble Solutions Limited</b>		<u>(7,801,488)</u>	<u>(7,665,589)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	38	(9.01)	(31.32)
Diluted loss per share	38	(9.01)	(31.32)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Simble Solutions Limited and its controlled entities  
Statement of financial position  
As at 31 December 2018



	Note	Consolidated 2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	849,438	45,303
Trade and other receivables	10	589,164	576,978
Inventories	11	30,335	-
Financial assets at fair value through profit or loss	12	76,773	-
Other	13	325,675	476,482
Total current assets		<u>1,871,385</u>	<u>1,098,763</u>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	14	-	30,415
Property, plant and equipment	15	46,349	58,237
Intangibles	16	3,906,538	5,535,332
Other deposits		143,162	143,162
Total non-current assets		<u>4,096,049</u>	<u>5,767,146</u>
<b>Total assets</b>		<u>5,967,434</u>	<u>6,865,909</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	1,235,649	3,697,209
Contract liabilities	18	831,273	885,288
Borrowings	19	-	80,000
Income tax	8	8,565	88,367
Provisions	20	123,569	117,736
Other financial liabilities	21	-	4,750,332
Deferred grant liabilities		94,591	-
Total current liabilities		<u>2,293,647</u>	<u>9,618,932</u>
<b>Non-current liabilities</b>			
Contract liabilities	22	179,322	-
Provisions	23	55,752	81,180
Deferred grant liabilities		94,591	-
Total non-current liabilities		<u>329,665</u>	<u>81,180</u>
<b>Total liabilities</b>		<u>2,623,312</u>	<u>9,700,112</u>
<b>Net assets/(liabilities)</b>		<u>3,344,122</u>	<u>(2,834,203)</u>
<b>Equity</b>			
Issued capital	24	18,553,963	4,200,100
Reserves	25	2,883,517	3,339,357
Accumulated losses		(18,093,358)	(10,373,660)
<b>Total equity/(deficiency)</b>		<u>3,344,122</u>	<u>(2,834,203)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Simble Solutions Limited and its controlled entities  
Statement of changes in equity  
For the year ended 31 December 2018



Consolidated	Issued capital \$	Shares to be issued \$	Reserves			Accumulated losses \$	Total deficiency in equity \$
			Common control reserve \$	Foreign currency translation reserve \$	Share-based payments reserve \$		
Balance at 1 January 2017	100	4,200,000	250,836	(15,018)	-	(2,729,582)	1,706,336
Loss after income tax benefit for the year	-	-	-	-	-	(7,644,078)	(7,644,078)
Other comprehensive loss for the year, net of tax	-	-	-	(21,511)	-	-	(21,511)
Total comprehensive loss for the year	-	-	-	(21,511)	-	(7,644,078)	(7,665,589)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares (note 24)	4,200,000	(4,200,000)	-	-	-	-	-
Share-based payments (note 7)	-	-	-	-	3,125,050	-	3,125,050
Balance at 31 December 2017	<u>4,200,100</u>	<u>-</u>	<u>250,836</u>	<u>(36,529)</u>	<u>3,125,050</u>	<u>(10,373,660)</u>	<u>(2,834,203)</u>

Consolidated	Issued capital \$	Common control reserve \$	Reserves			Accumulated losses \$	Total equity \$
			Foreign currency translation reserve \$	Share-based payments reserve \$			
Balance at 1 January 2018	4,200,100	250,836	(36,529)	3,125,050	(10,373,660)	(2,834,203)	
Loss after income tax expense for the year	-	-	-	-	(7,719,698)	(7,719,698)	
Other comprehensive loss for the year, net of tax	-	-	(81,790)	-	-	(81,790)	
Total comprehensive loss for the year	-	-	(81,790)	-	(7,719,698)	(7,801,488)	
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 24)	14,353,863	-	-	(374,050)	-	13,979,813	
Balance at 31 December 2018	<u>18,553,963</u>	<u>250,836</u>	<u>(118,319)</u>	<u>2,751,000</u>	<u>(18,093,358)</u>	<u>3,344,122</u>	

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,283,057	2,118,132
Payments to suppliers and employees (inclusive of GST)		(6,928,582)	(2,835,642)
Payments for research and development costs expensed		(809,032)	-
		(5,454,557)	(717,510)
Interest received		8,716	6,835
Research and development tax offset recovered		310,378	381,406
Interest and other finance costs paid		(659,707)	(44,712)
Income taxes paid		(79,802)	(58,482)
Net cash used in operating activities	36	(5,874,972)	(432,463)
<b>Cash flows from investing activities</b>			
Payments for investments	14	(46,358)	(66,000)
Payments for property, plant and equipment	15	(13,862)	(7,562)
Payments for software development capitalised	16	(1,550,752)	(1,651,091)
Payments for security deposits		(35,234)	-
Proceeds from disposal of investments		-	131,835
Proceeds from disposal of intangibles		401	-
Proceeds from release of security deposits		-	79,145
Net cash used in investing activities		(1,645,805)	(1,513,673)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of transaction costs	24	9,229,482	-
Proceeds from borrowings		-	80,000
Repayment of borrowings		(80,000)	-
Proceeds from issue of convertible notes		-	1,798,362
Proceeds from repayment of related party loans		-	19,691
Share issue costs expensed		(742,780)	(160,167)
Net cash from financing activities		8,406,702	1,737,886
Net increase/(decrease) in cash and cash equivalents		885,925	(208,250)
Cash and cash equivalents at the beginning of the financial year		45,303	275,064
Effects of exchange rate changes on cash and cash equivalents		(81,790)	(21,511)
Cash and cash equivalents at the end of the financial year	9	849,438	45,303

The above statement of cash flows should be read in conjunction with the accompanying notes

## Note 1. General information

The financial statements cover Simble Solutions Limited as a Group consisting of Simble Solutions Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Simble Solutions Limited's functional and presentation currency.

Simble Solutions Limited was admitted to the official list of the Australian Securities Exchange (ASX) on 22 February 2018 under ASX code SIS.

Simble Solutions Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### Registered office

C/O Boardroom Pty Limited  
Level 12  
225 George Street  
Sydney NSW 2000

### Principal place of business

Level 2  
383 George Street  
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 March 2019. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 15 'Revenue from Contracts with Customers', and the relevant amending standards.
- AASB 9 'Financial Instruments', and the relevant amending standards.

#### *Impact of initial application of AASB 15 'Revenue from Contracts with Customers'*

In the current year, the Group has applied AASB 15 'Revenue from Contracts with Customers' which is effective for an annual period that begins on or after 1 January 2018.

AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in AASB 15 to describe such balances. The term 'deferred liability' is used in respect of the government grant balances that are not within the scope of AASB 15.

The Group's accounting policies for its revenue streams are disclosed in 'Significant accounting policies' below.

## Note 2. Significant accounting policies (continued)

Historically, the Group provided Software as a Service ('SaaS') and subscription services for which revenue was recognised over the contract term. The Group also provided ad hoc consulting assignments for which revenue was generally recognised as and when the service was provided. Consequently the application of AASB 15 has had no material impact on the opening balance of equity as the revenue recognition was in line with the requirements of AASB 15 for recognition of revenue either over period of time or at a point in time.

In the current year, the Group commenced selling hardware which has been recognised as revenue at a point in time when the delivery of goods is completed. Software as a service and other subscription revenue continue to be recognised on a pro-rata basis over the underlying contract life, and consulting revenue is generally recognised as and when the service is provided.

Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group.

### *Impact of initial application of AASB 9 'Financial Instruments'*

In the current year, the Group has applied AASB 9 'Financial Instruments' (as amended) and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 January 2018.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

All recognised financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Management reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has not had any material impact on the Group's financial assets in respect of their classification and measurement:

- there is no change in the measurement of the Group's investments in equity; those instruments were and continue to be measured at fair value through profit or loss ('FVTPL'); and
- loans and receivables under AASB 139 that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

A significant change introduced by AASB 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. This change in accounting policy has not affected the Group's accounting as all of the Group's financial liabilities were continued to be measured at amortised cost using the effective interest method as at 31 December 2018.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. AASB 9 requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables. Given no historic receivable write-offs in relation to old SaaS and subscription revenue streams, the application of the AASB 9 impairment requirements has not resulted in any material additional loss allowances to be recognised as at 1 January 2018. For the year ended 31 December 2018, management used a provision matrix to estimate credit loss rates in relation to Simble Energy SaaS and hardware sales which commenced during 2018, based on expected cash receipts. Refer to note 10 for more details.

Hedge accounting requirements of AASB 9 have not had any material impact on the Group's financial statements as the Group did not hold any material hedging instruments as at 31 December 2018.



## Note 2. Significant accounting policies (continued)

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact on disclosure for current financial information on adoption of the new standards is presented below:

### Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact on disclosure for current financial information on adoption of the new standards is presented below:

Extract	Current standards \$	Previous standards \$	Change \$
<b>Statement of profit or loss for 2018</b>			
Revenue*	2,131,695	2,140,411	(8,716)
Interest revenue calculated using the effective interest method**	8,716	-	8,716
Administration**	(6,962,260)	(7,007,015)	44,755
Impairment of receivables**	(44,755)	-	(44,755)
Loss before income tax benefit	(7,719,698)	(7,719,698)	-
Income tax benefit	-	-	-
Loss for the year	<u>(7,719,698)</u>	<u>(7,719,698)</u>	<u>-</u>

### Statement of financial position as at 31 December 2018

<i>Non-current assets</i>			
Financial assets at fair value through profit or loss**	76,773	-	76,773
Available-for-sale financial assets**	-	76,773	(76,773)
Net assets	<u>3,344,122</u>	<u>3,344,122</u>	<u>-</u>

\* AASB 15 impact

\*\* AASB 9 impact

### Significant accounting policies

The following significant accounting policies are relevant to the entity:

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

## Note 2. Significant accounting policies (continued)

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Simble Solutions Limited ('Company' or 'parent entity') as at 31 December 2018 and the results of all subsidiaries for the year then ended. Simble Solutions Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Simble Solutions Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Note 2. Significant accounting policies (continued)

### Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs; or
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria are not met, revenue is recognised at a point in time. The Group does not offer material discounts or rebates, and all products and services are sold separately.

The Group recognises revenue predominantly from the following:

#### *Software as a service revenue*

The Group offers several cloud-based SaaS products which are accessible via a web browser. The Group provides customers access to an online portal for the subscription period as specified in contracts.

SaaS revenue is recognised over time as the Group provides a continuous service of making the online portal available during the subscription period and customers simultaneously receive and consume the benefits provided to them by the Group.

#### *Sale of hardware*

The Group also sells certain hardware being energy metering devices. In some cases, for practical expedience, sale of hardware may be governed by the same legal contract with a customer as sale of SaaS. However, these are considered separate performance obligations because the hardware and services are sold separately. The sales are independent of each other and customers benefit from the sale of hardware and sale of SaaS either on its own or together with other resources that are readily available to a customer.

Revenue for sale of hardware is recognised at a point in time when a delivery of the hardware to a customer is completed.

The transaction price for sale of hardware is fixed in the contracts.

Management has considered the right of return of hardware by customers and concluded that the impact is not material as at the balance date.

#### *Sale of access to research reports database*

The Group offers subscription-based services being access to a research reports database for the subscription period as specified in contracts.

Revenue from sales of access to the research reports database is recognised over time as the Group provides a continuous service of making the database available during the subscription period and customers simultaneously receive and consume the benefits provided to them by the Group.

## Note 2. Significant accounting policies (continued)

### *Other revenue*

Other revenue predominantly consists of ad hoc consulting assignments for which revenue is generally recognised as and when the service is provided.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Research and development tax refund*

The Group has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the Group recognises the eligible expenses.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## Note 2. Significant accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

## Note 2. Significant accounting policies (continued)

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Over the period of the lease
Computer equipment	1 to 2 years
Office equipment	2 to 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### *Customer contracts*

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

#### *Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

### Research and development costs

Research expenditure is recognised as an expense when incurred.

An internally generated intangible asset arising from development is recognised if, and only if, it can be demonstrated that:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use;
- (ii) the intangible asset will generate probably future economic benefits; and
- (iii) there is an ability to measure reliably the expenditure attributable to the intangible assets during its development.

Development costs in respect of enhancements on existing suites of software applications are capitalised and written off over three years.

At each balance date, a review of the carrying value of the capitalised development cost carried forward is undertaken to ensure the carrying amount is recoverable from future revenue generated from the sale of that software.



## Note 2. Significant accounting policies (continued)

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using appropriate option pricing models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

## **Note 2. Significant accounting policies (continued)**

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.



## Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Simble Solutions Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Going concern

The Directors have prepared the year-end financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated statement of profit or loss and other comprehensive income reflects a consolidated net loss of \$7,719,698 (2017: \$7,860,058) and the consolidated statement of cash flows shows a net operating cash outflow of \$5,874,972 (2017: \$432,463) for the year ended 31 December 2018. Net operating losses for the year ended 31 December 2018 included amortisation of intangibles (\$2,359,145), impairment of goodwill (\$820,000) and IPO expenses (\$742,780). The consolidated statement of financial position shows net assets of \$3,344,122 (2017: net deficit of \$2,834,203), including intangible assets of \$3,906,538 (2017: \$5,535,332), as well as excess of current liabilities over current assets of \$422,262 (2017: \$8,520,169).

## Note 2. Significant accounting policies (continued)

The Directors have reviewed the cash flow forecast for the Group through to 31 March 2020. The forecast indicates that the Group will be able to pay its debts as and when they fall due after considering the following factors:

- As at 31 December 2018, the Group had available cash resources of \$849,438. As at 28 March 2019, the Group had available cash resources of \$693,139, after raising \$935,000 via convertible notes in February and March 2019 (refer note 39);
- The Group has commitments for convertible notes for a further \$180,000, due to be issued in April and May 2019;
- The Group is well advanced in executing a Board approved restructure plan, to significantly reduce operating costs. Cost reductions commenced during the last quarter of 2018, and are ongoing;
- The Group is planning to undertake further capital raisings and will be required to raise approximately \$1,000,000 by the end of August 2019, assuming that only currently contracted revenues and annual subscription renewal revenue eventuates; and
- The Group is at various stages of negotiations with a number of potential customers and it is expected that these negotiations will result in additional revenue to be earned by the Group within the next 12 months.

The Directors are confident that the Group will achieve successful outcomes in relation to the above matters, and that it is therefore appropriate to prepare the financial statements on the going concern basis and that the Group will be able to pay its debts as and when they become due and payable from available cash resources, operating cash flows and additional capital to be raised.

However, if the initiatives and further capital raisings stated above do not eventuate, such circumstances would indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial report does not include any adjustments relating to the recoverability and classifications of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

#### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 replaces AASB 117 'Leases' and sets out a comprehensive model for identifying lease arrangement and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of 'right-of-use' asset and a related lease liability, being present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the Statement of Financial Position as well as a change in expense recognition, with interest and depreciation replacing lease expense, with the exception of leases of low value assets and leases with a term of 12 months or less.

The primary impact from adoption of AASB 16 by the Group will be the treatment of office premises and leased office equipment with terms of 12 months or more across the Group. The adoption of AASB 16 will increase both assets and liabilities due to the recognition of right-of-use assets and lease liabilities respectively; expense relating to minimum lease payments will reduce and there will be an increase in interest expense. However, at present it is not practical to provide a reliable estimate of the financial impact of the adoption of AASB 16. Final determination of the impact of adoption of AASB 16 is subject to the resolution of the following key matters:

- finalisation of choice of transition method;
- finalisation of discount rates to be applied; and
- consideration of the impact of practical expedients.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of \$811,226 (note 32).

## Note 2. Significant accounting policies (continued)

### *IASB revised Conceptual Framework for Financial Reporting*

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of the cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### *Capitalisation of development costs*

The Group has adopted a policy for capitalising development costs only for products for which an assessment is made that the product is technically feasible and will generate defined economic benefits for the Group going forward. The capitalised costs are subsequently amortised over the expected useful life of the product, which is estimated to be three years.

## Note 4. Operating segments

### *Identification of reportable operating segments*

The Group operates in one segment, based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is disclosed in the statement and notes to the financial statements.

### *Major customers*

During the year, Synnex Australia Pty Ltd contributed 15.3% of external sales. No other customers contributed more than 10% of external sales. \$2017: nil).

## Note 5. Revenue

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Rendering of services and sale of goods	2,130,335	2,250,357
Other revenue	1,360	16,454
Total revenue	<u>2,131,695</u>	<u>2,266,811</u>

**Note 5. Revenue (continued)**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Major product lines</i>		
Energy	784,529	332,938
Mobility and other	1,347,166	1,933,873
	<u>2,131,695</u>	<u>2,266,811</u>
<i>Geographical regions</i>		
Australia	2,035,974	2,166,699
United Kingdom	55,030	26,588
New Zealand	40,691	73,524
	<u>2,131,695</u>	<u>2,266,811</u>
<i>Timing of revenue recognition</i>		
Goods transferred over time	1,584,604	1,753,150
Goods transferred at a point in time	547,091	513,661
	<u>2,131,695</u>	<u>2,266,811</u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of investments	-	58,191
Research and development tax incentive	214,314	381,406
	<u>214,314</u>	<u>439,597</u>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Administration</i>		
Minimum lease payments	462,323	403,738
Employee benefits expense	1,656,270	1,029,018
Employee benefits expense - share-based payment	-	650,050
Superannuation	197,154	179,617
Depreciation	25,750	22,400
Amortisation	2,359,145	974,183
General administration and other	2,261,618	2,122,912
Total administration	<u>6,962,260</u>	<u>5,381,918</u>
<i>Other expenses</i>		
Share-based payment expense relating to Performance Shares	-	2,475,000
Fair value adjustment on convertible notes	-	1,071,241
Other expenses	-	31,433
Total other expenses	<u>-</u>	<u>3,577,674</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>261,185</u>	<u>416,504</u>

**Note 8. Income tax**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	-	(215,980)
Aggregate income tax benefit	-	(215,980)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax assets	-	19,220
Decrease in deferred tax liabilities	-	(235,200)
Deferred tax - origination and reversal of temporary differences	-	(215,980)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(7,719,698)	(7,860,058)
Tax at the statutory tax rate of 27.5%	(2,122,917)	(2,161,516)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	225,500	-
Fair value adjustment on conversion of convertible notes	-	294,591
Share-based payments	-	795,059
R&D tax offset	(58,936)	(142,524)
IPO costs	76,695	61,501
	(1,879,658)	(1,152,889)
Current year tax losses not recognised	1,578,380	662,695
Current year timing difference not recognised	51,315	20,801
Difference in tax rates of subsidiaries operating in foreign jurisdictions	249,963	253,413
Income tax benefit	-	(215,980)
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	2,427,317	848,937
Timing differences	42,767	(128,198)
Total deferred tax assets not recognised	2,470,084	720,739

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

The above deferred tax assets will be recognised in the accounts once the Group can demonstrate that it is probable that the tax benefit will be utilised within the foreseeable future.

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	799,438	45,303
Cash on deposit	50,000	-
	<u>849,438</u>	<u>45,303</u>

The above figures are reconciled to cash and cash equivalents at the end of the financial period in the statement of cash flows as shown above.

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	453,075	365,472
Less: Allowance for expected credit losses	(41,179)	-
	<u>411,896</u>	<u>365,472</u>
Other receivables	-	14,345
Goods and services tax recoverable	44,876	43,927
Research and development tax incentive recoverable	132,392	153,234
	<u>589,164</u>	<u>576,978</u>

*Allowance for expected credit losses*

The Group has recognised a loss of \$44,755 (2017: recovery of \$7,480) in profit or loss in respect of the expected credit losses for the year ended 31 December 2018.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

<b>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Not overdue	-	-	111,628	278,140	-	-
0 to 30 days overdue	2%	-	65,103	12,153	1,556	-
30 to 60 days overdue	9%	-	197,094	22,000	18,059	-
60 to 90 days overdue	20%	-	4,664	11,432	933	-
Over 90 days overdue	28%	-	74,586	56,092	20,631	-
			<u>453,075</u>	<u>379,817</u>	<u>41,179</u>	<u>-</u>

**Note 10. Current assets - trade and other receivables (continued)**

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening balance	-	7,480
Additional provisions recognised	44,755	-
Receivables written off during the year as uncollectable	(3,576)	-
Unused amounts reversed	-	(7,480)
	<u>-</u>	<u>(7,480)</u>
Closing balance	<u>41,179</u>	<u>-</u>

**Note 11. Current assets - inventories**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Stock on hand - at cost	<u>30,335</u>	<u>-</u>

**Note 12. Current assets - financial assets at fair value through profit or loss**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Listed investments	<u>76,773</u>	<u>-</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	46,358	-
Transferred from non-current	<u>30,415</u>	<u>-</u>
Closing fair value	<u>76,773</u>	<u>-</u>

Refer to note 28 for further information on fair value measurement.

**Note 13. Current assets - other**

	<b>Consolidated</b>	<b>2017</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	268,568	294,442
Security deposits	57,107	21,873
Other current assets	<u>-</u>	<u>160,167</u>
	<u>325,675</u>	<u>476,482</u>

As at 31 December 2017, other current assets comprised share issue costs associated with the IPO of \$160,167. These costs were transferred to equity in the current year and netted against issued capital on the IPO date.



**Note 14. Non-current assets - financial assets at fair value through profit or loss**

	Consolidated 2018 \$	2017 \$
Listed investments	-	30,415
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:		
Opening fair value	30,415	38,059
Additions	-	66,000
Disposals	-	(73,644)
Transferred to current	(30,415)	-
Closing fair value	-	30,415

Refer to note 28 for further information on fair value measurement.

**Note 15. Non-current assets - property, plant and equipment**

	Consolidated 2018 \$	2017 \$
Leasehold improvements - at cost	48,087	48,087
Less: Accumulated depreciation	(20,361)	(10,743)
	27,726	37,344
Computer equipment - at cost	21,804	14,957
Less: Accumulated depreciation	(16,081)	(12,431)
	5,723	2,526
Office equipment - at cost	40,149	33,134
Less: Accumulated depreciation	(27,249)	(14,767)
	12,900	18,367
	46,349	58,237

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements \$	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 January 2017	46,968	3,078	23,029	73,075
Additions	-	2,444	5,118	7,562
Depreciation expense	(9,624)	(2,996)	(9,780)	(22,400)
Balance at 31 December 2017	37,344	2,526	18,367	58,237
Additions	-	6,847	7,015	13,862
Depreciation expense	(9,618)	(3,650)	(12,482)	(25,750)
Balance at 31 December 2018	27,726	5,723	12,900	46,349

**Note 16. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	1,671,578	1,671,578
Less: Impairment	(820,000)	-
	<u>851,578</u>	<u>1,671,578</u>
Trademarks - at cost	<u>8,151</u>	<u>8,552</u>
Customer relationships - at cost	840,000	840,000
Less: Accumulated amortisation	(392,000)	(224,000)
	<u>448,000</u>	<u>616,000</u>
Software development - at cost	5,971,801	4,421,049
Less: Accumulated amortisation	(3,372,992)	(1,181,847)
	<u>2,598,809</u>	<u>3,239,202</u>
	<u><u>3,906,538</u></u>	<u><u>5,535,332</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Goodwill</b>	<b>Trademarks</b>	<b>Customer relationships</b>	<b>Software development</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 January 2017	1,671,578	8,666	784,000	2,247,239	4,711,483
Additions	-	-	-	1,798,146	1,798,146
Write off of assets	-	(114)	-	-	(114)
Amortisation expense	-	-	(168,000)	(806,183)	(974,183)
	<u>1,671,578</u>	<u>8,552</u>	<u>616,000</u>	<u>3,239,202</u>	<u>5,535,332</u>
Balance at 31 December 2017	1,671,578	8,552	616,000	3,239,202	5,535,332
Additions	-	-	-	1,550,752	1,550,752
Disposals	-	(401)	-	-	(401)
Impairment of assets	(820,000)	-	-	-	(820,000)
Amortisation expense	-	-	(168,000)	(2,191,145)	(2,359,145)
	<u>851,578</u>	<u>8,151</u>	<u>448,000</u>	<u>2,598,809</u>	<u>3,906,538</u>
Balance at 31 December 2018	<u><u>851,578</u></u>	<u><u>8,151</u></u>	<u><u>448,000</u></u>	<u><u>2,598,809</u></u>	<u><u>3,906,538</u></u>

*Impairment testing*

Goodwill is allocated to the Group's one cash-generating unit, being building technology applications for businesses and individuals that assist with simplifying operations and scalability.

The recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. For 2018 and 2017 reporting periods, the recoverable amount of the CGU was determined based on value-in-use which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 19.0% per annum (2017: 17.5% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 2.5% (2017: 2.5%) per annum growth representing an estimate of the annual consumer price index increase.

The carrying amount of the CGU was determined to be higher than its recoverable amount. An impairment loss of \$820,000 during 2018 (2017: \$nil) was recognised. The impairment loss was fully allocated to goodwill and recognised in profit or loss for the year.

#### Note 16. Non-current assets - intangibles (continued)

The discount rate represents the expected return on investment by the Group's investors taking into account the risks specific to the CGU and consideration of the time value of money. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate by 1% would result in a further impairment of \$246,000.

Forecast cash flows were projected based on management's expectations of market development including signing of new sales agreements. A 10% underperformance against budgeted cash flows would lead to a further impairment charge of \$396,000.

#### Note 17. Current liabilities - trade and other payables

	Consolidated	
	2018	2017
	\$	\$
Trade payables	555,391	1,060,816
Deferred lease incentives	77,278	83,082
Accrued expenses	298,543	701,817
Other payables	304,437	1,851,494
	<u>1,235,649</u>	<u>3,697,209</u>

Refer to note 27 for further information on financial instruments.

#### Note 18. Current liabilities - contract liabilities

	Consolidated	
	2018	2017
	\$	\$
Contract liabilities - deferred revenue	<u>831,273</u>	<u>885,288</u>

Current contract liabilities are expected to be recognised as revenue within 12 months after the reporting date.

Refer to note 22 for reconciliation of the written down values at the beginning and end of the current and previous financial year.

#### Note 19. Current liabilities - borrowings

	Consolidated	
	2018	2017
	\$	\$
Loan payable - unsecured	<u>-</u>	<u>80,000</u>

Refer to note 27 for further information on financial instruments.

#### Note 20. Current liabilities - provisions

	Consolidated	
	2018	2017
	\$	\$
Employee benefits	<u>123,569</u>	<u>117,736</u>

**Note 21. Current liabilities - other financial liabilities**

	Consolidated 2018 \$	Consolidated 2017 \$
Convertible notes - at fair value	-	4,750,332

All convertible notes were converted into 23,751,656 ordinary shares on the successful IPO (note 24).

**Note 22. Non-current liabilities - contract liabilities**

	Consolidated 2018 \$	Consolidated 2017 \$
Contract liabilities - deferred revenue	179,322	-

*Reconciliation*

Reconciliation of the current and non-current written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	885,288	942,438
Payments received in advance	1,656,145	1,557,736
Transfer to revenue	(1,530,834)	(1,614,886)
Closing balance	1,010,599	885,288

Deferred revenue of \$117,119 and \$62,203 are expected to be recognised as revenue within 24 and 36 months, respectively.

**Note 23. Non-current liabilities - provisions**

	Consolidated 2018 \$	Consolidated 2017 \$
Employee benefits	55,752	81,180

**Note 24. Equity - issued capital**

	2018 Shares	2017 Shares	Consolidated 2018 \$	Consolidated 2017 \$
Ordinary shares - fully paid	103,248,334	24,406,218	18,553,963	4,200,100

**Note 24. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 January 2017	100		100
Issue of Completion Shares (refer note 34)		4,200,000	\$1.00	4,200,000
Share split	December 2017	<u>20,206,118</u>		-
Balance	31 December 2017	24,406,218		4,200,100
Issue of shares on Initial Public Offering	22 February 2018	37,500,000	\$0.20	7,500,000
Issue of shares on conversion of convertible notes (note 21)	22 February 2018	23,751,656	\$0.20	4,750,332
Salary sacrifice shares	22 February 2018	1,842,126	\$0.20	374,050
Shares issued to promoters of the Offer	22 February 2018	2,415,000	\$0.20	483,000
Issue of shares on capital raising	10 August 2018	13,333,334	\$0.15	2,000,000
Share issue transaction costs				<u>(753,519)</u>
Balance	31 December 2018	<u><u>103,248,334</u></u>		<u><u>18,553,963</u></u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 31 December 2017 Annual Report.

## Note 25. Equity - reserves

	Consolidated	
	2018	2017
	\$	\$
Foreign currency translation reserve	(118,319)	(36,529)
Share-based payments reserve	2,751,000	3,125,050
Common control reserve	250,836	250,836
	<u>2,883,517</u>	<u>3,339,357</u>

### *Foreign currency translation reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

### *Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### *Common control reserve*

The common control reserve represents the excess of the book value of the net assets over the purchase price of the Simble Group entities acquired. As this transaction involved entities under common control, the Directors have elected for the respective assets and liabilities of the companies acquired to be recognised at book value of these companies as at the date of acquisition.

## Note 26. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 27. Financial instruments

### **Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

### **Market risk**

#### *Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

#### *Price risk*

The Group is not exposed to any significant price risk.

#### *Interest rate risk*

The Group is not exposed to any significant interest rate risk.

**Note 27. Financial instruments (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group sets appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group is not exposed to any significant credit risk.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 2018</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	555,319	-	-	-	555,319
Other payables	-	304,437	-	-	-	304,437
Total non-derivatives		859,756	-	-	-	859,756

<b>Consolidated - 2017</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,060,816	-	-	-	1,060,816
Other payables	-	1,851,494	-	-	-	1,851,494
<i>Interest-bearing - fixed rate</i>						
Convertible notes	14.00%	4,238,057	-	-	-	4,238,057
Loan payable	10.00%	80,258	-	-	-	80,258
Total non-derivatives		7,230,625	-	-	-	7,230,625

## Note 27. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 28. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2018</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed investments	76,773	-	-	76,773
Total assets	<u>76,773</u>	<u>-</u>	<u>-</u>	<u>76,773</u>

<b>Consolidated - 2017</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed investments	30,415	-	-	30,415
Total assets	<u>30,415</u>	<u>-</u>	<u>-</u>	<u>30,415</u>
<i>Liabilities</i>				
Convertible notes	-	-	4,750,332	4,750,332
Total liabilities	<u>-</u>	<u>-</u>	<u>4,750,332</u>	<u>4,750,332</u>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

<b>Consolidated</b>	Convertible notes \$
Balance at 1 January 2017	1,880,729
Additions	1,798,362
Fair value adjustment	<u>1,071,241</u>
Balance at 31 December 2017	4,750,332
Converted to ordinary shares	<u>(4,750,332)</u>
Balance at 31 December 2018	<u><u>-</u></u>



## Note 29. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2018	2017
	\$	\$
Short-term employee benefits	1,281,424	907,659
Post-employment benefits	49,517	55,860
Long-term benefits	4,615	9,610
Share-based payments	-	453,809
	<u>1,335,556</u>	<u>1,426,938</u>

## Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2018	2017
	\$	\$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	<u>120,000</u>	<u>100,000</u>

There were no other services performed by the auditor during the year ended 31 December 2018.

## Note 31. Contingent liabilities

The Group has no contingent liabilities at 31 December 2018 and 31 December 2017.

## Note 32. Commitments

	Consolidated	
	2018	2017
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	276,363	249,953
One to five years	534,863	831,917
	<u>811,226</u>	<u>1,081,870</u>

## Note 33. Related party transactions

### Parent entity

Simble Solutions Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 35.

### Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

### Note 33. Related party transactions (continued)

#### Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2018	2017
	\$	\$
Current payables:		
Payable to Philip Shamieh, director	-	113,333

#### Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2018	2017
	\$	\$
Current borrowings:		
Loan payable to DRHM Pty Limited, shareholder	-	80,000

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

### Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

	Parent	
	2018	2017
	\$	\$
Loss after income tax	(7,716,043)	(9,119,989)
Total comprehensive loss	(7,716,043)	(9,119,989)

#### Statement of financial position

	Parent	
	2018	2017
	\$	\$
Total current assets	425,297	198,547
Total assets	4,783,739	5,134,311
Total current liabilities	793,900	7,972,779
Total liabilities	1,439,617	8,053,959
Equity		
Issued capital	18,553,963	4,200,100
Share-based payments reserve	2,751,000	3,125,050
Accumulated losses	(17,960,841)	(10,244,798)
Total equity/(deficiency)	3,344,122	(2,919,648)

#### Note 34. Parent entity information (continued)

##### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2018 and 31 December 2017.

##### *Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2018 and 31 December 2017.

##### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2018 and 31 December 2017.

##### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

#### Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2018 %	2017 %
Acresta Digital Pty Limited	Australia	100.00%	100.00%
Acresta Innovations Pty Limited	Australia	100.00%	100.00%
Simble Energy Pty Limited	Australia	100.00%	100.00%
Simble Holdings (Hong Kong) Limited	Hong Kong	100.00%	100.00%
Simble Holdings Pty Limited	Australia	100.00%	100.00%
Simble International Electronics LLC*	Dubai	-	100.00%
Simble Mobility Pty Limited	Australia	100.00%	100.00%
Simble Solutions (Hong Kong) Limited	Hong Kong	100.00%	100.00%
Simble Solutions (NZ) Limited	New Zealand	100.00%	100.00%
Simble Solutions (UK) Limited	United Kingdom	100.00%	100.00%
Simble Solutions (Vietnam) Ltd	Vietnam	100.00%	100.00%
Simble Solutions IP Pty Limited	Australia	100.00%	100.00%
Wise-Owl Holdings Pty Limited	Australia	100.00%	100.00%

\* Entity was deregistered during the year

**Note 36. Cash flow information**

*Reconciliation of loss after income tax to net cash used in operating activities*

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax benefit for the year	(7,719,698)	(7,644,078)
Adjustments for:		
Depreciation and amortisation	2,384,895	996,583
Impairment of goodwill	820,000	-
Write off of intangibles	-	114
Net gain on disposal of available-for-sale financial assets	-	(58,191)
Share-based payments	-	3,125,050
Fair value adjustment on convertible notes	-	1,071,241
Share issue expenses	742,780	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	23,047	157,992
Increase in inventories	(30,335)	-
Decrease in deferred tax assets	-	19,220
Decrease/(increase) in prepayments	150,807	(4,935)
Increase/(decrease) in trade and other payables	(2,461,560)	1,819,713
Increase in contract liabilities	125,307	-
Decrease in provision for income tax	(79,802)	(58,482)
Decrease in deferred tax liabilities	-	(235,200)
Decrease in employee benefits	(19,595)	(234)
Increase in other provisions	-	33,470
Increase in other operating liabilities	189,182	345,274
Net cash used in operating activities	<u>(5,874,972)</u>	<u>(432,463)</u>

*Changes in liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flow as cash flows from financing activities.

<b>Consolidated</b>	<b>Convertible notes (note 21) \$</b>	<b>Borrowings (note 19) \$</b>	<b>Total \$</b>
Balance at 1 January 2017	1,880,729	-	1,880,729
Net cash from financing activities	1,798,362	80,000	1,878,362
Changes in fair values	1,071,241	-	1,071,241
Balance at 31 December 2017	4,750,332	80,000	4,830,332
Net cash used in financing activities	<u>(4,750,332)</u>	<u>(80,000)</u>	<u>(4,830,332)</u>
Balance at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

## Note 37. Share-based payments

### Performance shares

In December 2017, the Company granted Performance Shares to the vendors of the Acresta Subgroup and Simble Solutions (Vietnam) Ltd (formerly Incipient IT Vietnam Limited) ('Vendors') as well as certain management personnel (Performance Shares) for nil cash consideration.

Each Performance Share will convert to one fully paid ordinary share in the Company upon the Group completing the IPO and achieving certain financial milestones ('Performance Milestones'). Details regarding the Performance Shares are set out in the table below:

Class of performance shares	Number of performance shares	Performance milestones	Shares to be issued upon achievement of performance milestones	Fair value at issue date per performance share
Class A*	13,500,000	If the Company achieves Normalised EBITDA for the year ended 31 December 2018 of at least \$2.7million	13,500,000	\$0.099
Class B*	22,500,000	If the Company achieves Normalised EBITDA for the year ended 31 December 2019 of at least \$10.0million	22,500,000	\$0.051
Class C**	1,500,000	If the Company achieves Normalised EBITDA for year ended 31 December 2018 of \$2.7million	1,500,000	\$0.099
Class D**	2,500,000	If the Company achieves Normalised EBITDA for year ended 31 December 2019 of \$10.0million	2,500,000	\$0.051

\* Issued to Vendors

\*\* Issued to management

The Performance Shares were valued based on a share price of 20 cents, a strike price of zero, volatility of 90% and risk-free rates of 1.86% and 2.46%.

All the Class A and Class C Performance Shares lapsed at 31 December 2018 as the Company did not meet the 2018 performance milestones.

### Salary sacrifice shares

During the previous year, the Company issued 1,842,126 shares to current and former employees under the Company's former employee salary sacrifice share plan (Salary Sacrifice Shares). Under this plan, participating employees were entitled to salary sacrifice a portion of their income to purchase shares. The Salary Sacrifice Shares were issued at a 20% discount to the offer price of 20 cents per share on the IPO. The plan ceased to operate on IPO, and the Salary Sacrifice Shares were converted to ordinary shares.

The Salary Sacrifice Shares were expensed in 2017 as a share-based payment totalling \$374,050, and were valued based on the IPO issue price of 20 cents.

### Incentive Option and Performance Rights Plan

The Group has adopted an Incentive Option and Performance Rights Plan ('Incentive Plan').

The Incentive Plan is open to eligible participants of the Company or any of its subsidiaries who the Board designates as being eligible.

Performance Rights and Share options will be offered to eligible participants for no consideration under the Incentive Plan.

At the date of this report, no Performance Rights or Share Options had been granted under the Incentive Plan.

### Note 37. Share-based payments (continued)

#### *The Simble Wealth Creation Scheme*

On 14 May 2018, the Company granted 4,495,750 Zero Exercise Price Options to certain management personnel ('Options') for nil cash consideration under the Simble Wealth Creation Scheme ('SWCS').

Pursuant to the SWCS, each Option will convert to one fully paid ordinary share in the Company on the vesting date of 31 March 2023 subject to:

- Consecutive service till the vesting date;
- Compound EBITDA growth to \$5 million or 125% by 31 December 2021. The starting point is \$1 million; and
- Compound share price growth to \$0.80 per share or 100% by 31 December 2021. The starting point is the original issue price of \$0.20.

As at 31 December 2018, management estimated that the fair value of the Options is nil due to low probability of fulfilling the above-mentioned vesting conditions.

Shares in the Company were issued at the IPO on 22 February 2018 at 20 cents per share.

### Note 38. Loss per share

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(7,719,698)</u>	<u>(7,644,078)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	<u>85,674,657</u>	<u>24,406,218</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>85,674,657</u>	<u>24,406,218</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(9.01)	(31.32)
Diluted loss per share	(9.01)	(31.32)

No dilution has been included as losses were incurred in the current and previous period.

### Note 39. Events after the reporting period

In February 2019 and March 2019, the Company raised \$650,000 and \$285,000 respectively by way of unsecured convertible notes. The notes are convertible on or before 31 December 2021 at a conversion price of 15 cents and bear interest at 10% per annum.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Fadi Geha  
Director

29 March 2019  
Sydney

## Independent Auditor's Report to the Members of Simble Solutions Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Simble Solutions Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 'Going concern' in the consolidated financial statements, which indicates that the Group incurred a loss after tax of \$7.72 million and had net cash outflows from operations of \$5.87 million during the year ended 31 December 2018. As stated in Note 2 'Going concern', these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and
- Assessing the adequacy of the disclosure related to going concern.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Impairment of goodwill and other intangible assets</i></p> <p>As at 31 December 2018, the Group recognised goodwill of \$1.67 million, customer relationships of \$0.62 million and trademarks of \$0.09 million as a result of business combinations which took place in 2016 as disclosed in Note 34.</p> <p>The directors have recognised an impairment loss of \$0.82 million in respect of the goodwill as at 31 December 2018. This conclusion was based on a value in use model that, as set out in Note 3, required the exercise of significant judgement with respect to:</p> <ul style="list-style-type: none"> <li>• the discount rate;</li> <li>• future growth rates, and</li> <li>• the expected cash flows.</li> </ul> <p>The estimated values in use can vary greatly as the involved assumptions change, and changes in these assumptions can result in an impairment of goodwill and other intangible assets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of key assumptions based on our knowledge of the business and industry of the Group;</li> <li>• Testing source data to supporting evidence on a sample basis, such as approved budgets and assessing the reasonableness of these budgets;</li> <li>• Confirming the mathematical accuracy of the underlying calculations;</li> <li>• Engaging our valuation specialists to assist with: <ul style="list-style-type: none"> <li>- Comparing the discount rate utilised by management to an independently calculated discount rate;</li> <li>- Performing sensitivity analysis on the cash flows and discount rates.</li> </ul> </li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 16 to the consolidated financial statements.</p>
<p><i>Capitalisation and carrying value of development costs</i></p> <p>As at 31 December 2018, the Group had capitalised developments costs totalling \$2.6 million as disclosed in Note 16.</p> <p>The Group capitalises certain costs that are directly attributable to the development of intangible assets.</p> <p>As set out in Note 3, significant judgement is involved in assessing:</p> <ul style="list-style-type: none"> <li>• the appropriateness of the costs that can be capitalised and whether these costs were directly attributable to relevant products developed; and</li> <li>• the extent to which these capitalised development costs will generate sufficient economic benefit to support their carrying values.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Discussing the products for which development costs have been capitalised with management, to develop an understanding of the nature and feasibility of the products;</li> <li>• Assessing costs capitalised with reference to internal documentation, including, on a sample basis, agreeing payroll costs capitalised to supporting payroll and time records, and cost allocation calculations; and</li> <li>• Evaluating the appropriateness of the carrying value of the capitalised development costs by major product, with reference to historical and forecast cash flows, and analysis of sales trends.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 16 to the consolidated financial statements.</p>

## *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 9 to 15 of the Directors' Report for the year ended 31 December 2018.

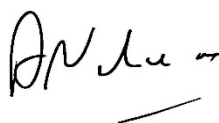
In our opinion, the Remuneration Report of Simble Solutions Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountants  
Sydney, 29 March 2019

The shareholder information set out below was applicable as at 24 March 2019.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Total shares
1 to 1,000	12	1,863
1,001 to 5,000	44	147,768
5,001 to 10,000	109	953,608
10,001 to 100,000	269	11,746,489
100,001 and over	87	71,304,060
	<u>521</u>	<u>84,153,788</u>
Holding less than a marketable parcel	<u>11</u>	<u>863</u>

### Equity security holders

#### *Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
VELASCO S A	12,135,417	11.75
THMG HOLDINGS PTY LTD	11,386,252	11.03
HSBC CUSTODY NOMINEES	6,030,849	5.84
J P MORGAN NOMINEES AUSTRALIA	5,525,325	5.35
BNP PARIBAS NOMINEES PTY LTD	5,301,196	5.13
CITICORP NOMINEES PTY LIMITED	4,675,069	4.53
UBS NOMINEES PTY LTD	3,136,363	3.04
OB CAPITAL LTD	2,680,122	2.60
INCIPIENT CAPITAL LIMITED	2,601,825	2.52
MINOSA LTD	2,221,080	2.15
ORIENT GLOBAL HOLDING PTY LTD	2,000,000	1.94
HARVEY DIGBY PTY LTD	1,880,000	1.82
MORGAN STANLEY AUSTRALIA	1,850,000	1.79
ALLIED RESOURCES HOLDINGS LTD	1,660,479	1.61
MR MATTHEW DIBB	1,225,773	1.19
MR MUSTAFA RASIH BENSAN	1,182,120	1.14
CONSOLIDATED EQUITY PARTNERS	1,076,987	1.04
COMINTRA PTY LTD	984,781	0.95
RETZOS EXECUTIVE PTY LTD	966,667	0.94
MR RODERICK JAMES TRIGWELL	856,654	0.83
	<u>69,376,959</u>	<u>67.19</u>

#### *Unquoted equity securities*

There are no unquoted equity securities.

### Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
VELASCO S A	12,135,417	11.75
THMG HOLDINGS PTY LTD	11,386,252	11.03
HSBC CUSTODY NOMINEES	6,030,849	5.84
J P MORGAN NOMINEES AUSTRALIA	5,525,325	5.35
BNP PARIBAS NOMINEES PTY LTD	5,301,196	5.13

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

### Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	22 February 2020	19,094,546
Class B Performance Shares	22 February 2020	22,500,000
Class C Performance Shares	16 February 2019	1,500,000
Class D Performance Shares	16 February 2019	2,500,000
		<u>45,594,546</u>

Directors	Philip Tye (Chairman) David Lawrence Astill Fadi Geha
Joint Company secretaries	Hasaka Martin Stephen Strubel
Registered office	C/O Boardroom Pty Ltd Level 12 225 George Street Sydney NSW 2000 Telephone: +61 2 8208 3366 Facsimile: +61 2 9279 0664
Principal place of business	Level 2 383 George Street Sydney NSW 2000
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Hogan Lovells Level 17 20 Martin Place Sydney NSW 2000
Stock exchange listing	Simble Solutions Limited shares are listed on the Australian Securities Exchange (ASX code: SIS)
Website	<a href="http://www.simblegroup.com">www.simblegroup.com</a>
Corporate Governance Statement	<p>The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.</p> <p>The Company's Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: <a href="https://simblegroup.com/investors/governance">https://simblegroup.com/investors/governance</a></p>