



Simble Solutions Limited and its controlled entities

ABN 17 608 419 656

Annual Report - 31 December 2019

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Contents
31 December 2019



Chairman's letter	2
Chief Executive Officer's report	3
Directors' report	7
Auditor's independence declaration	19
Statement of profit or loss and other comprehensive income	20
Statement of financial position	21
Statement of changes in equity	22
Statement of cash flows	23
Notes to the financial statements	24
Directors' declaration	58
Independent auditor's report to the members of Simble Solutions Limited	59
Shareholder information	63
Corporate directory	65

Dear Fellow Shareholders,

On behalf of the Board of Simble Solutions Limited, I am pleased to present our 2019 Annual Report and I would like to thank you for your support as a shareholder, partner or customer over the past year.

The financial year ended 31 December 2019 brought many challenges for Simble including unexpected delays in revenue due to broad economic factors such as Brexit coupled with specific energy market factors, such as the delay in smart electricity meter rollout in the UK. These issues, together with legacy liabilities and inefficiencies within the structure of our business caused us to make some tough decisions in order to put the company on a sound financial footing.

We responded to these concerns by sharpening our strategic focus to marketing our Software as a Service ('SaaS') products in the sustainable energy and workforce mobility sectors. There remains a strong future global market for products such as these which assist businesses, government and homes with managing energy usage and carbon emissions.

Since mid-2019 we have streamlined the Company, reduced costs and headcount, raised new equity capital and realigned our revenue generation and business development activities. Following these recent developments, we believe the Company is on a firmer footing to meet the challenges and opportunities ahead.

It is more important than ever that we continue to provide technology that is an enabler for our customers around the world and do our bit to build a more sustainable future. We believe that the company has great product and a solid foundation of existing customer contracts that place it in a solid position to take advantage as opportunities arise.

I thank the management team and all team members for their hard work and dedication in what has been a challenging year for Simble. Their effort and commitment has been instrumental in positioning the company for the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Tye', written over a light grey rectangular background.

Philip Tye
Chairman
31 March 2020

Dear Shareholders,

I am delighted to present Simble's 2019 Annual Report as we review our second year as a public company.

The Year in Review

Simble has faced some significant challenges over the year caused by adverse market developments and revenue delays. However, we have made wide-ranging improvements to the Company, streamlined operations and raised fresh capital to secure our future.

While the share price performance has been very disappointing, there has been much great work done to change and improve the Company:

- We are now focused on selling a narrower set of products into identified market opportunities, where there are demonstrable revenue prospects.
- Our solution stack is well defined. We offer Energy and Carbon Management Software as a Service (SaaS) products as well as Mobility suite of SaaS products.
- We have substantially reduced costs and headcount to shape the ongoing cost base of the business within the revenue envelope, whilst still allowing resources to be added where revenue growth is demonstrable.
- Importantly we have substantially improved internal management systems, financial discipline, corporate governance, board reporting and cash flow model forecasting.
- We have undertaken various equity recapitalisation transactions during the 2019 financial year and in early 2020 which has put the Company on a more stable footing upon which to rebuild.

Looking ahead there are some very positive opportunities which we are pursuing in 2020 that are worthy of mention:

- In the UK, our proven capability and channel first model in the LED lighting sector saw us sign a 3 year strategic collaboration agreement with Sylvania Lighting to incorporate the SimbleEnergy solution (made up of the SimbleSense platform with associated energy meters) into lighting projects to commercial and industrial customers across five European countries.
- We have a solid pipeline of existing customers who continue to service their clients with our Simble Energy suite of SaaS solutions. UCR Consultants are deploying the SimbleConnect, (SaaS only) product to their customers, while Powercor and our recently announced channel partner Harpers Construction Services are both deploying the SimbleSense platform with associated energy meters to their customers.
- In Australia, Wattwatchers appointed Simble as the first certified third-party app provider for its national roll-out of smart energy technology under the My Energy Marketplace project. The Australian Renewable Energy Agency ('ARENA') is subsidising part of the estimated \$8.2 million total cost of installing 5,000 homes and small businesses, plus 250 schools, with a grant of \$2.7 million
- Simble and Wattwatchers have also commenced targeting a broader roll-out in the Australian domestic market beyond the ARENA-backed project.
- This, alongside existing partnerships with Australian and NZ energy services companies such as Energy & Carbon Solutions, Optimal Energy and others provide us with a pipeline of opportunities for end customers to deploy Simble's energy suite of SaaS solutions.

We remain totally committed to commercialising software products that help our business customers manage energy usage and reduce their carbon footprint.

Fiscal Management Delivers Tangible Improvements

The financial year ended 31 December 2019 brought many challenges for Simble as we navigated a range of issues.

Delays in revenue, due to broad economic factors such as Brexit coupled with the delay in smart meter rollout in the UK, weighed on our growth ambitions and we've had to make tough decisions and be single-minded in positioning the Company on a sound financial footing. These challenges slowed us down and together with some legacy balance sheet issues negatively impacted the Company.

The UK government's announcement during the year that it would significantly delay the mandated rollout of smart meters, postponing the estimated date of the completion by four years to 2024 is particularly worthy of mention. Whilst this opportunity remains very real and significant, the delay created headwinds for us that impacted the timing of contract wins and required the Company to respond quickly and decisively.

Firstly, we implemented a range of aggressive cost-cutting initiatives that will deliver in excess of \$700k in annualised cost savings for the calendar year 2020, including a 48% headcount reduction from December 2019. We reduced fixed cost research and development ('R&D') activity and increased our focus on modular, client funded and scalable deployment of R&D resources. We have right-sized the business development team and will focus on revenue generation activities across the most profitable business units.

The material reduction in fixed costs will not compromise the ambitious growth plans of the Company but will ensure that Simble is run efficiently as possible. This will provide a platform for growth in conjunction with the pipeline of opportunities.

The recent COVID-19 crisis and the likely slowdown in business activity during 2020 has further strengthened our resolve to continue to search for efficient opportunities, to monitor costs and manage cash, and assess all options and opportunities to improve shareholder value.

We also recognise that it is important that we continue to provide technology that is an enabler for our customers around the world and play our part in building a more sustainable future. The Company has great products and a solid foundation of existing customer contracts that place us in a good position to take advantage of opportunities as they arise.

The attitude, goodwill and commitment of our team has also been instrumental in positioning the Company for the future, with tireless effort and significant personal sacrifice on display in abundance. Our focus in 2020 has already shifted from foundation building to execution.

Financial Results

Revenues from our core business – the SimbleEnergy division – rose to \$795k for the year, a 1.4% increase over the previous corresponding period. Within SimbleEnergy, Software as a Service (SaaS) revenues increased by 93% to \$720K, while hardware revenues of \$75K declined by 80%.

There were two key drivers for the increase in SimbleEnergy SaaS revenues: a 50% increase in connected customer sites on the SimbleSense platform (onboarded through our growing channel partner ecosystem) and the strategic contract signed with UCR Consultants in early 2019 to deploy the SimbleConnect platform.

The Company managed to reduce the gross costs of the business in every quarter of the year, lowering the gross monthly costs from \$427k in the first quarter to approximately \$334k in the fourth quarter. We are on track to achieve gross monthly costs of \$246k for Q1 2020, which represents a 42% improvement year-on-year, whilst simultaneously growing the core business and investing in world-class capability.

I can confidently say that we are now a much leaner company, with 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 smart energy software market.

The Board and management agree that the financial performance of the Company has been unacceptable to date. The refreshed Board and executive leadership team is focused on restoring shareholder value via any means necessary over the calendar year 2020. Our medium-term focus is on reaching a cash flow positive position through rigorous cash management coupled with achieving ambitious but attainable revenue objectives.

UK Market Review

The UK will continue to represent a major growth opportunity for Simble as legislation drives demand for energy efficiency solutions in a market five times larger than Australia. Partnerships with key industry players are critical in achieving the growth we expect and in 2019 we saw the early results of harnessing those relationships.

In February 2019, UCR Consultants commenced the rollout of the software only SimbleConnect, platform as part of its strategy to empower its SME customers to reduce their energy footprint with accurate and readily available data and analytics. We are in the early stages of this journey with a minimum commitment of 10,000 meters.

Throughout 2019, Powercor, a certified value added partner ('CVAP') of Signify, continued to roll out the SimbleEnergy solution (SimbleSense platform with energy meters) to its business customers including Ferrero Rocher, Thornton's Chocolate, London Transport (RATP Dev), Richmond Council, Islington Council and a number of independent schools and universities.

In November 2019, we signed a Letter of Intent ('LOI') with Sylvania Lighting (Feilo Sylvania International Group), a leading full-spectrum provider of professional and architectural lighting solutions supplying markets around the world. The LOI enabled Sylvania's intention to incorporate the SimbleEnergy solution into their turnkey offering to measure and verify the reporting of LED refurbishment projects and improve their global sales conversion.

Subsequently, a three-year collaboration agreement was executed with Sylvania Lighting in February 2020 to commence the rollout across UK, France, Germany, Spain and Italy. The relationship with Sylvania is expected to grow over the coming months although this may be at a slower rate than initially anticipated due to the impact of COVID-19.

In January 2020, we signed a channel alliance agreement with Harpers Construction Services Limited resulting in the SimbleEnergy solution being installed at Bluewater Shopping Centre, one of the UK's largest shopping centres. This initial project is part of an intended broader rollout to Harpers' clients across the UK.

Australian Market Review

There were a number of positive and encouraging developments in the Australian market during the 2019 year, and since:

- Wattwatchers Digital Energy appointed Simble as the first certified third-party app provider to the new "My Energy Marketplace" platform, an estimated \$8.2 million national project which is supported by a \$2.7 million grant from the Australian Government's Australian Renewable Energy Agency (ARENA). The MEM rollout will start in this financial year and run until 2022 with up to 5,000 homes and small businesses, plus 250 schools, to be connected via the program.
- Optimal Energy, Simble's first appointed reseller in New Zealand, delivered the first commercial contract and installed the SimbleEnergy solution at Tumblar Products Limited.
- The SimbleEnergy solution is now available on Kogan.com and Trinity Connect as Simble expands its online presence in partnership with Synnex Australia.
- Following on from the channel partner agreement in October 2019, Wattwatchers have commenced promoting the SimbleSense platform to their existing and prospective customers with several proposals submitted to date.
- In addition, the SimbleEnergy solution was installed at a number of new and existing customer sites by our growing channel partner network. These customers included Best & Less, Downer Rail, Kennards Hire, OJI Fibre Solutions, Pepe's Ducks, Souths Juniors Club, Westrac and Housing Plus as well as RACV who recently launched their first project deploying the SimbleSense platform at STREAT in Victoria.

Expansion of Product Suite Underpins Scalability

The Company has invested heavily in research and development throughout the year, driving innovation and expanding our solution suite 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 SimbleConnect, Simble's software-only energy analytics platform connected to UK smart meters to its end-customers, 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.

Our product suite has evolved to offer a unique solution to our customers' energy pain points, customised and offered at pricing appropriate for different target groups including enterprise, SME and residential users. Simble's energy management and data analytics product suite enables 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 our 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 use our competitive advantage to position Simble as a partner of choice for our customers, as we help them to thrive by building sustainable businesses.

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 am very proud of the way the team has navigated through this year and we will continue to work hard to achieve outstanding results for all stakeholders. As we look ahead, we are committed to our vision: to enable agile enterprise with smart and nimble Software as a Service technology solutions.

I thank all of our shareholders for their continued support and remain committed to building value in your Company in the year ahead.

A handwritten signature in black ink, appearing to read 'Ronen Ghosh', with a long horizontal flourish extending to the right.

Ronen Ghosh
Chief Executive Officer
31 March 2020

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 2019.

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
Fadi Geha
Ben Loiterton (appointed 24 July 2019)
David Lawrence Astill (resigned 24 July 2019)

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 \$8,110,719 (31 December 2018: \$7,719,698).

For the year ended 31 December 2019, total revenues decreased by 9% to \$2,147,011 from \$2,354,725 in the prior year to 31 December 2018. Sales revenue declined 16% year-on-year to \$1,782,685 whilst other income increased 43% to \$307,259.

Software-as-a-Service ('SaaS') sales revenue increased by \$350,899 or 143% to \$595,933, however this was offset by decreases in hardware sales, which were \$336,122 or 82% lower at \$75,734 and mobility sales which were \$197,528 or 18% lower at \$917,335.

Revenues from the Company's energy division increased by 1% to \$795,490, compared to \$784,529 in the previous corresponding period whilst there was an 18% decline in revenues from Mobility to \$917,335 during the financial year compared to \$1,114,863 in 2018. Other income relates mainly to Research and Development grant income.

At year end, the Company's intangible assets including capitalised software, trademarks, customer relationships and goodwill were fully impaired to zero carrying value. The carrying amount of the Group's intangible assets was actually determined to be \$2,475,290 (see note 15), however, due to the uncertainty in the current environment the directors deemed it prudent to fully impair the assets whilst this uncertainty exists. An impairment loss of \$4,205,959 during 2019 (2018: \$820,000) was recognised. The impairment loss fully impaired all intangible assets and was recognised in profit or loss for the year. Notwithstanding this accounting treatment, the directors believe that the software owned by the Company has substantial economic value, which may be reinstated in the future following the generation of profitable revenue.

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 2019 was a loss of \$2,533,814. This represents a 28% improvement in underlying EBITDA on the prior year. The table below provides a reconciliation between statutory net loss and underlying EBITDA:

	Consolidated	
	2019	2018
	\$	\$
Loss for the year	(8,110,719)	(7,719,698)
Add back:		
Interest	377,213	261,185
Tax	7,953	-
Depreciation	46,349	25,750
Amortisation	760,936	2,359,145
Statutory EBITDA	(6,918,268)	(5,073,618)
Add non-recurring items:		
Capital raising costs	178,495	742,780
Impairment of goodwill	851,578	820,000
Impairment of assets	3,354,381	-
Underlying EBITDA	<u>(2,533,814)</u>	<u>(3,510,838)</u>

Net cash used in operating activities decreased by 42% to \$3,388,142 compared to \$5,874,972 in 2018. The cash balance at 31 December 2019 was \$705,452 (31 December 2018: \$849,438).

In the second half of 2019 the Board implemented significant financial and capital restructuring initiatives, including a combination of refocused revenue generation activities, operational realignments and substantial cost cutting measures. These adjustments have been in response to delays in expected revenues despite substantial ongoing business development activities.

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

Significant changes in the state of affairs

In February 2019, March 2019 and May 2019, the Company raised \$650,000, \$285,000 and \$100,000 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.

On 2 April 2019, the 13,500,000 Class A and 1,500,000 Class C performance shares, issued as part of the Group's initial public offering in 2019, lapsed as the performance criteria was not met.

On 24 July 2019, the Company announced completion of a \$1,890,000 placement to investors via the issue of up to 37,800,000 fully paid ordinary shares at \$0.05 per share. Placement will settle in two tranches. Tranche 1 by the issue of 25,800,000 fully paid ordinary shares at \$0.05 per share to raise gross proceeds of \$1,290,000. Tranche 2 by issuing up to 12,000,000 fully paid ordinary shares at \$0.05 to raise up to \$600,000 subject to shareholder approval at a General Meeting.

On 5 November 2019, the Company announced completion of a \$1,100,000 placement to investors via the issue of 22,000,000 fully paid ordinary shares at \$0.05 per share. On 18 December 2019, the Company announced completion of a \$280,000 placement to investors via the issue of 11,200,000 fully paid ordinary shares at \$0.025 per share. The placement will settle in two tranches. Tranche 1 on 6 January 2020 by the issue of 6,284,000 fully paid ordinary shares at \$0.025 per share to raise gross proceeds of \$157,100. Tranche 2 by issuing up to 4,916,000 fully paid ordinary shares at \$0.025 per share to raise up to \$122,900 subject to shareholder approval at a General Meeting.

Further details can be found on the ASX announcements.

On 16 August 2019, William Buck was appointed auditor of the Group following the outcome of an audit tender process undertaken by the Directors.

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

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The Group considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, to business and economic activity. The impact of the COVID-19 pandemic is currently being assessed by the Group, given the ever-changing conditions in relation to the pandemic it is too early to assess the financial impacts (if any). The Directors will continue to assess the situation as it develops.

On 12 February 2020, the Company announced that it would be undertaking a Share Purchase Plan ('SPP') with the intention of offering up to 30% of the Company's share capital, being the maximum amount permitted by the Australian Stock Exchange ('ASX') Listing Rules, at \$0.016 per share. The original SPP closing date of 6 March, 2020 was extended to 27 March, 2020 and has raised at least \$115,800.

On 17 February 2020, the Company announced that 19,094,546 fully paid ordinary shares, 13,500,000 Class A performance shares and 22,500,000 Class B performance shares would be released from mandatory escrow arrangements on 24 February 2020.

On 21 February 2020, the Company announced that it had signed a three-year agreement with Feilo Sylvania International Group Ltd (Sylvania Lighting) to incorporate the SimbleSense platform into Sylvania Lighting's lighting projects to commercial customers, commencing in the UK, France, Germany, Spain and Italy.

On 25 March 2020, the Company announced completion of a \$375,000 placement to investors via the issue of 20.833 million fully paid ordinary shares at \$0.018 per share. The shares will be issued in two tranches. The first on 30 March 2020 by the issue of 6.781 million shares under listing rule 7.1 of the ASX. The second issue of 14.052 million shares is subject to shareholder approval at the 2019 Annual General Meeting with the placement funds held on trust subject to the issue of shares.

No other matter or circumstance has arisen since 31 December 2019 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: Philip Tye
Title: Non-Executive Director and Chairman
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: 2,000,000 ordinary shares (directly)
Interests in options: None

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 an Executive Director, having previously served as CEO of Simble 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Audit Committee, Remunerations Committee
Interests in shares: 620,833 ordinary shares (directly), 13,386,252 ordinary shares (indirectly)
Interests in options: None

Name:	Ben Loiterton
Title:	Non-Executive Director (appointed 24 July 2019)
Experience and expertise:	Ben's career spans over 28 years in investment banking, executive management and entrepreneurial activity. He is an experienced public company director having served on four ASX-listed company boards and various private company boards and advisory boards. Ben has extensive experience with driving commercial strategy, corporate finance, equity capital raising, IPOs and RTOs, mergers & acquisitions, financial structuring, and providing legal and business advice for fast-growth businesses. He has direct experience in a wide array of sectors including technology, IT services, software / SaaS, ecommerce, telecoms, media, and both new economy business models and traditional businesses. He has co-founded several start-up businesses, and arranged equity funding across the full spectrum from seed capital to private equity transactions. Ben is currently Principal at Sydney-based investment banking firm Andover Partners and a non-executive director of EAT Displays Holdings Limited.
Other current directorships:	None
Former directorships (last 3 years):	Aeeris Limited (ASX: AER)
Interests in shares:	None
Interests in options:	None

'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.

Company secretary

Name:	Hasaka Martin
Title:	Company Secretary
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.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2019, 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	23	24	-	-	2	2
Fadi Geha	24	24	-	-	2	2
Ben Loiterton	10	10	-	-	1	1
David Lawrence Astill	13	14	-	-	1	1

Held: represents the number of meetings held during the time the director held office.

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)
- Fadi Geha
- Ben Loiterton (appointed 24 July 2019)
- David Lawrence Astill (resigned 24 July 2019)

And the following persons:

- Ronen Ghosh - Chief Executive Officer (appointed 5 November 2019) and Chief Financial Officer (appointed 15 August 2019)
- Mark Duke - Former Chief Financial Officer (ceased employment 31 July 2019)
- Kalana Navaratne - Chief Product and Strategy Officer (ceased employment 28 February 2020)
- Martin Hannah - Chief Technology Officer (ceased employment 4 May 2019)

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 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 at the Annual General Meeting 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
Ben Loiterton	50,000

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.

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 2019, management estimated that the fair value of the Options is nil due to low probability of fulfilling the above-mentioned vesting conditions.

Use of remuneration consultants

During the financial year ended 31 December 2019, 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	
2019	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
P Tye	60,018	-	-	-	-	-	60,018
B Loiterton (a)	51,257	-	-	-	-	-	51,257
D Astill (b)	21,470	-	-	-	-	-	21,470
<i>Executive Directors:</i>							
F Geha	240,099	-	17,753	20,831	-	-	278,683
<i>Other Key Management Personnel:</i>							
R Ghosh (c)	85,667	-	-	-	-	-	85,667
K Navaratne	205,559	-	-	-	-	-	205,559
M Duke (d)	163,248	-	-	1,538	-	-	164,786
M Hannah (e)	66,895	-	-	5,804	-	-	72,699
	<u>894,213</u>	<u>-</u>	<u>17,753</u>	<u>28,173</u>	<u>-</u>	<u>-</u>	<u>940,139</u>

- (a) Remuneration is from date of appointment as Executive Director, being 24 July 2019 to 31 December 2019
 (b) Remuneration is from 1 January 2019 to date of cessation as non-executive director, being 24 July 2019
 (c) Remuneration is from date of appointment as key management personnel, being 13 August 2019 to 31 December 2019
 (d) Remuneration is from 1 January 2019 to date of cessation of employment, being 31 July 2019
 (e) Remuneration is from 1 January 2019 to date of cessation of employment, being 4 May 2019

	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 (a)	150,000	-	-	-	-	-	150,000
<i>Other Key Management Personnel:</i>							
M Duke	253,763	-	-	4,855	-	-	258,618
B Dimopoulos (b)	167,966	-	2,609	14,609	-	-	185,184
K Navaratne	200,800	-	-	-	-	-	200,800
M Hannah (c)	126,667	-	-	10,529	-	-	137,196
	1,256,751	-	24,673	49,517	4,615	-	1,335,556

(a) Remuneration is from 1 January 2018 to date of cessation of employment, being 30 September 2018

(b) Remuneration is from 1 January 2018 to date of cessation of employment, being 5 December 2018

(c) Remuneration is from date of appointment as key management personnel, being 3 April 2018 to 31 December 2018

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
<i>Non-Executive Directors:</i>						
P Tye	100%	100%	-	-	-	-
B Loiterton	100%	-	-	-	-	-
D Astill	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
F Geha	100%	100%	-	-	-	-
P Shamieh	-	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
R Ghosh	100%	-	-	-	-	-
K Navaratne	100%	100%	-	-	-	-
M Duke	100%	100%	-	-	-	-
M Hannah	100%	100%	-	-	-	-
B Dimopoulos	-	100%	-	-	-	-

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: Executive Director and 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 \$210,240, discretionary annual performance bonus and participation in Incentive Plan at discretion of the Board.

Name: Ronen Ghosh
 Title: Chief Executive Officer and Chief Financial Officer
 Agreement commenced: 15 August 2019
 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 \$250,000, 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 however subsequently ceased employment 28 February 2020
 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.

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 2019.

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>					
P Tye	-	-	2,000,000	-	2,000,000
F Geha	12,007,085	-	2,000,000	-	14,007,085
K Navaratne	29,401	-	-	-	29,401
	<u>12,036,486</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>16,036,486</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	1,000,000	(1,000,000)	-
Kalana Navaratne	750,000	(750,000)	-
	<u>1,750,000</u>	<u>(1,750,000)</u>	<u>-</u>

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 2019.

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 William Buck

There are no officers of the Company who are former partners of William Buck.

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

William Buck 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

A handwritten signature in black ink, appearing to read "Fadi Geha".

Fadi Geha
Director

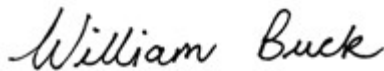
31 March 2020
Sydney

Simble Solutions Limited

Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L.E. Tutt
Partner
Sydney, 31 March 2020

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

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williambuck.com

Simble Solutions Limited and its controlled entities
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019



	Note	Consolidated	
		2019	2018
		\$	\$
Revenue			
Revenue	5	1,782,685	2,131,695
Cost of sales		(644,790)	(947,308)
Gross margin		<u>1,137,895</u>	<u>1,184,387</u>
Other income	6	307,259	214,314
Interest revenue calculated using the effective interest method		57,067	8,716
Total revenue		<u>2,147,011</u>	<u>2,354,725</u>
Expenses			
Marketing		(62,163)	(296,135)
Administration	7	(4,759,876)	(6,962,260)
Impairment of goodwill	15	(851,578)	(820,000)
Impairment of receivables	10	(21,281)	(44,755)
Impairment of intangible assets	15	(3,354,381)	-
Capital raising costs		(178,495)	(742,780)
Finance costs	7	<u>(377,213)</u>	<u>(261,185)</u>
Loss before income tax expense		(8,102,766)	(7,719,698)
Income tax expense	8	<u>(7,953)</u>	-
Loss after income tax expense for the year attributable to the owners of Simble Solutions Limited		(8,110,719)	(7,719,698)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(32,942)</u>	<u>(81,790)</u>
Other comprehensive loss for the year, net of tax		<u>(32,942)</u>	<u>(81,790)</u>
Total comprehensive loss for the year attributable to the owners of Simble Solutions Limited		<u><u>(8,143,661)</u></u>	<u><u>(7,801,488)</u></u>
		Cents	Cents
Basic loss per share	35	(6.72)	(9.01)
Diluted loss per share	35	(6.72)	(9.01)

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 2019



	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	9	705,452	849,438
Trade and other receivables	10	480,775	589,164
Inventories	11	122,975	30,335
Financial assets at fair value through profit or loss		24,651	76,773
Other	12	222,671	325,675
Total current assets		<u>1,556,524</u>	<u>1,871,385</u>
Non-current assets			
Property, plant and equipment	13	-	46,349
Finance lease receivable	14	464,277	-
Intangibles	15	-	3,906,538
Deferred tax	8	19,413	-
Other deposits		143,162	143,162
Total non-current assets		<u>626,852</u>	<u>4,096,049</u>
Total assets		<u>2,183,376</u>	<u>5,967,434</u>
Liabilities			
Current liabilities			
Trade and other payables	16	1,366,967	1,235,649
Contract liabilities	17	466,861	831,273
Borrowings	18	140,000	-
Lease liabilities		276,928	-
Income tax	8	17,126	8,565
Employee benefits		96,648	123,569
Deferred grant liabilities		-	94,591
Total current liabilities		<u>2,364,530</u>	<u>2,293,647</u>
Non-current liabilities			
Contract liabilities	19	196,838	179,322
Borrowings	20	1,118,640	-
Lease liabilities		223,695	-
Deferred tax	8	20,401	-
Employee benefits		-	55,752
Deferred grant liabilities		-	94,591
Total non-current liabilities		<u>1,559,574</u>	<u>329,665</u>
Total liabilities		<u>3,924,104</u>	<u>2,623,312</u>
Net (liabilities)/assets		<u>(1,740,728)</u>	<u>3,344,122</u>
Equity			
Issued capital	21	21,543,678	18,553,963
Shareholder capital	22	137,100	-
Reserves	23	2,850,575	2,883,517
Accumulated losses		<u>(26,272,081)</u>	<u>(18,093,358)</u>
Total (deficiency)/equity		<u>(1,740,728)</u>	<u>3,344,122</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 2019



	Issued capital \$	Shareholder capital \$	Common control reserve \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Consolidated							
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 21)	14,353,863	-	-	-	(374,050)	-	13,979,813
Balance at 31 December 2018	<u>18,553,963</u>	<u>-</u>	<u>250,836</u>	<u>(118,319)</u>	<u>2,751,000</u>	<u>(18,093,358)</u>	<u>3,344,122</u>

	Issued capital \$	Shareholder capital \$	Common control reserve \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated							
Balance at 1 January 2019	18,553,963	-	250,836	(118,319)	2,751,000	(18,093,358)	3,344,122
Adjustment to retained earnings on adoption of AASB 16	-	-	-	-	-	(68,004)	(68,004)
Balance at 1 January 2019 - restated	18,553,963	-	250,836	(118,319)	2,751,000	(18,161,362)	3,276,118
Loss after income tax expense for the year	-	-	-	-	-	(8,110,719)	(8,110,719)
Other comprehensive loss for the year, net of tax	-	-	-	(32,942)	-	-	(32,942)
Total comprehensive loss for the year	-	-	-	(32,942)	-	(8,110,719)	(8,143,661)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 21)	2,989,715	-	-	-	-	-	2,989,715
Shares to be issued	-	137,100	-	-	-	-	137,100
Balance at 31 December 2019	<u>21,543,678</u>	<u>137,100</u>	<u>250,836</u>	<u>(151,261)</u>	<u>2,751,000</u>	<u>(26,272,081)</u>	<u>(1,740,728)</u>

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

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,622,443	2,283,057
Payments to suppliers and employees (inclusive of GST)		(4,296,322)	(6,928,582)
Payments for research and development costs expensed		(935,627)	(809,032)
		(3,609,506)	(5,454,557)
Interest received		57,067	8,716
Research and development tax offset recovered		439,651	310,378
Interest and other finance costs paid		(276,950)	(659,707)
Income taxes refunded		1,596	-
Income taxes paid		-	(79,802)
Net cash used in operating activities	33	(3,388,142)	(5,874,972)
Cash flows from investing activities			
Payments for investments		-	(46,358)
Payments for property, plant and equipment	13	-	(13,862)
Payments for software development capitalised	15	(1,060,357)	(1,550,752)
Payments for security deposits		-	(35,234)
Proceeds from disposal of investments		52,122	-
Proceeds from disposal of intangibles		-	401
Proceeds from release of security deposits		33,620	-
Net cash used in investing activities		(974,615)	(1,645,805)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	21	2,989,715	9,229,482
Proceeds from shareholder capital		137,100	-
Proceeds from trade finance		240,000	-
Repayment of trade finance		(100,000)	-
Proceeds from borrowings		1,032,777	-
Repayment of borrowings		-	(80,000)
Proceeds from sub-lease		204,500	-
Repayment of lease liabilities		(252,379)	-
Share issue costs expensed		-	(742,780)
Net cash from financing activities		4,251,713	8,406,702
Net (decrease)/increase in cash and cash equivalents		(111,044)	885,925
Cash and cash equivalents at the beginning of the financial year		849,438	45,303
Effects of exchange rate changes on cash and cash equivalents		(32,942)	(81,790)
Cash and cash equivalents at the end of the financial year	9	705,452	849,438

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 ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). 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 31 March 2020. 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.

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 \$8,110,719 (2018: \$7,719,698) and the consolidated statement of cash flows shows a net operating cash outflow of \$3,388,142 (2018: \$5,874,972) for the year ended 31 December 2019. Net operating losses for the year ended 31 December 2019 included impairment of intangibles (\$3,354,381) amortisation of intangibles (\$760,936), impairment of goodwill (\$851,578) and capital raising costs (\$178,495). The consolidated statement of financial position shows net liabilities of \$1,740,728 (2018: net assets of \$3,344,122), following the full impairment of intangible assets (2018: \$3,906,538), as well as excess of current liabilities over current assets of \$808,006 (2018: \$422,262).

The Group has been through a process of significant restructure during the period in response to a number of external and internal factors, and whilst this activity was aimed at narrowing the focus to generating higher margin software revenues along with substantially reducing fixed costs to vastly improve the cash flow profile for the group, it has resulted in poor financial results for the period. These conditions give rise to a material uncertainty which may cast doubt over the Group's ability to continue as a going concern.

Note 2. Significant accounting policies (continued)

The Directors have prepared a cash flow forecast for the Group through to 31 December 2021. The forecast assumes continuity of business and 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 2019, the Group had available cash resources of \$705,452. As at 27 March 2020, the Group had available cash resources of \$609,660, this is inclusive of \$375,000 received via a placement in March 2020 and at least a further \$115,800 via a share purchase plan (refer note 36);
- The Group currently has contracted and recurring annual net revenues of approximately \$800,000, being \$500,000 in Australia and \$300,000 in the UK;
- A research and development tax concession claim for the year ended 31 December 2019 has been prepared in respect of the UK entity, and indicates a refund of approximately GBP£195,000 (A\$390,000) is due. The Group will continue to incur expenditure that will give rise to such claims in the year ended 31 December 2020;
- The Group has forecasted potential revenue opportunities of \$1,000,000 to eventuate over the forecasted period. The impact of the COVID-19 pandemic is currently being assessed by the Group, given the ever-changing conditions in relation to the pandemic it is too early to assess the financial impacts (if any). The Directors will continue to assess the situation as it develops;
- The Group has continually reduced its recurring operating expenditure during 2019 and, with some further minor reductions, will stabilize operating outgoings at approximately \$100,000 per month from June 2020 onwards;
- The Group has recognised contract liabilities where software subscriptions have been received in advance and assumes that SaaS revenue will continue to be recognised over the term of the subscription period. Under the terms of the software subscription, if the agreement is terminated by the customer prior to the end of the subscription period, the Company is not required to refund any subscription fees. If the agreement is terminated by the Company prior to the end of the subscription period, the Company is required to provide a pro-rata refund of fees paid in advance;
- The Group assumes that the current lease liabilities will continue to be offset by the finance lease receivable until both leases expire;
- The Group has been appointed by existing partner Wattwatchers as the first certified third-party app provider for its national roll-out of smart energy technology under the My Energy Marketplace project which will be partly funded by The Australian Renewable Energy Agency (ARENA). It is expected that the project will result in additional revenue, under the appointment, to be earned by the Group within the next 12 months;
- The Group is at various stages of negotiations with a number of existing customers including Energy & Carbon, Sylvania Lighting, Powercor and GA Harper Construction, and it is expected that these negotiations will result in additional revenue, under existing agreements, to be earned by the Group within the next 12 months;
- The augmentation of the existing contracted and recurring revenues by modest additional revenues from sources noted above are expected to result in the Group becoming profitable and cash flow positive during the period; and
- The Group may undertake further capital raisings, in the case that only currently contracted revenues and annual subscription renewal revenue eventuates.

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 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Significant accounting policies (continued)

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 was the treatment of office premises and leased office equipment with terms of 12 months or more across the Group. The adoption of AASB 16 increased both assets and liabilities due to the recognition of right-of-use assets and lease liabilities respectively and expense relating to minimum lease payments reduced with an increase in interest expense.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

Extract	1 January 2019 \$
Operating lease commitments as at 1 January 2019 (AASB 117)	811,226
Discount based on the weighted average incremental borrowing rate	753,002
Lease liabilities - recognised as at 1 January 2019	753,002
Right-of-use assets (AASB 16)	684,998
Lease liabilities - current (AASB 16)	(252,739)
Lease liabilities - non-current (AASB 16)	(500,263)
Increase in opening accumulated losses as at 1 January 2019	(68,004)

On 1 January 2019, the right-of-use asset was recorded under AASB 16. On 1 March 2019 the Group entered into a sublease with an independent third party. The sub-lease is classified as a finance lease receivable in accordance with AASB 16 'Leases'. Accordingly, on 1 March 2019 the right-of-use asset was derecognised and a finance lease receivable recorded in the statement of financial position to reflect the transaction.

Significant accounting policies

The following significant accounting policies are relevant to the Group:

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 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Simble Solutions Limited as at 31 December 2019 and the results of all subsidiaries for the year then ended.

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 recognised as a 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 amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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.

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 mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through 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.

Right-of-use assets (from 1 January 2019)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Note 2. Significant accounting policies (continued)

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:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset 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.

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.

Borrowings

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability using the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 2. Significant accounting policies (continued)

Lease liabilities (from 1 January 2019)

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 2019. 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.

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 January 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The current incremental borrowing rate that applied to lease liabilities at 1 January 2019 was 5%.

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, UCR Consultants contributed 14.8% of external sales. During the previous year, Synnex Australia Pty Ltd contributed 15.3% of external sales.

Note 5. Revenue

	Consolidated	
	2019	2018
	\$	\$
Rendering of services and sale of goods	1,721,611	2,130,335
Other revenue	61,074	1,360
	<u>1,782,685</u>	<u>2,131,695</u>
Total revenue	<u>1,782,685</u>	<u>2,131,695</u>

Disaggregation of revenue

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

	Consolidated	
	2019	2018
	\$	\$
<i>Major product lines</i>		
Energy	795,490	784,529
Mobility and other	987,195	1,347,166
	<u>1,782,685</u>	<u>2,131,695</u>
<i>Geographical regions</i>		
Australia	1,346,687	2,035,974
United Kingdom	413,222	55,030
New Zealand	22,776	40,691
	<u>1,782,685</u>	<u>2,131,695</u>
<i>Timing of revenue recognition</i>		
Goods transferred over time	1,440,508	1,584,604
Goods transferred at a point in time	342,177	547,091
	<u>1,782,685</u>	<u>2,131,695</u>

Note 6. Other income

	Consolidated	
	2019	2018
	\$	\$
Research and development tax incentive	307,259	214,314
	<u>307,259</u>	<u>214,314</u>

Note 7. Expenses

	Consolidated	
	2019	2018
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Administration</i>		
Minimum lease payments	30,861	462,323
Employee benefits expense	1,225,849	1,656,270
Superannuation	133,676	197,154
Depreciation	46,349	25,750
Amortisation	760,936	2,359,145
General administration and other	2,562,205	2,261,618
Total administration	<u>4,759,876</u>	<u>6,962,260</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	362,813	261,185
Interest and finance charges paid/payable on lease liabilities	14,400	-
Finance costs expensed	<u>377,213</u>	<u>261,185</u>

Note 8. Income tax

	Consolidated	
	2019	2018
	\$	\$
<i>Income tax expense</i>		
Current tax	6,965	-
Deferred tax - origination and reversal of temporary differences	988	-
	<u>7,953</u>	<u>-</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(19,413)	-
Increase in deferred tax liabilities	20,401	-
	<u>988</u>	<u>-</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(8,102,766)	(7,719,698)
Tax at the statutory tax rate of 27.5%	(2,228,261)	(2,122,917)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	234,184	225,500
Impairment of assets	922,454	-
R&D tax offset	-	(58,936)
Capital raising costs	49,086	76,695
	<u>(1,022,537)</u>	<u>(1,879,658)</u>
Current year tax losses not recognised	1,030,490	1,578,380
Current year timing difference not recognised	-	51,315
Difference in tax rates of subsidiaries operating in foreign jurisdictions	-	249,963
	<u>7,953</u>	<u>-</u>
Income tax expense		
Consolidated		
2019		
\$		
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	-	2,427,317
Timing differences	-	42,767
	<u>-</u>	<u>2,470,084</u>
Total deferred tax assets not recognised		

Note 8. Income tax (continued)

	Consolidated 2019 \$	2018 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Right-of-use asset and lease liability	19,413	-
Deferred tax asset	<u>19,413</u>	<u>-</u>
Movements:		
Opening balance	-	-
Credited to profit or loss	19,413	-
Closing balance	<u>19,413</u>	<u>-</u>

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.

	Consolidated 2019 \$	2018 \$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Right-of-use asset and lease liability	20,401	-
Deferred tax liability	<u>20,401</u>	<u>-</u>
Movements:		
Opening balance	-	-
Charged to profit or loss	20,401	-
Closing balance	<u>20,401</u>	<u>-</u>

	Consolidated 2019 \$	2018 \$
<i>Provision for income tax</i>		
Provision for income tax	<u>17,126</u>	<u>8,565</u>

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash at bank	654,088	799,438
Cash on deposit	51,364	50,000
	<u>705,452</u>	<u>849,438</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

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	273,577	453,075
Less: Allowance for expected credit losses	(49,045)	(41,179)
	<u>224,532</u>	<u>411,896</u>
Other receivables	30,745	-
Goods and services tax recoverable	225,498	44,876
Research and development tax incentive recoverable	-	132,392
	<u>480,775</u>	<u>589,164</u>

Allowance for expected credit losses

The Group has recognised a loss of \$21,281 (2018: \$44,755) in profit or loss in respect of the expected credit losses for the year ended 31 December 2019.

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019	2018	2019	2018	2019	2018
	%	%	\$	\$	\$	\$
Not overdue	21%	-	197,491	111,628	42,026	-
0 to 30 days overdue	11%	2%	44,704	65,103	4,884	1,556
30 to 60 days overdue	-	9%	4,296	197,094	-	18,059
60 to 90 days overdue	-	20%	10,570	4,664	-	933
Over 90 days overdue	13%	28%	16,516	74,586	2,135	20,631
			<u>273,577</u>	<u>453,075</u>	<u>49,045</u>	<u>41,179</u>

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

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

	Consolidated	
	2019	2018
	\$	\$
Opening balance	41,179	-
Additional provisions recognised	21,281	44,755
Receivables written off during the year as uncollectable	-	(3,576)
Unused amounts reversed	(13,415)	-
	<u>49,045</u>	<u>41,179</u>

Note 11. Current assets - inventories

	Consolidated	
	2019	2018
	\$	\$
Stock on hand - at cost	<u>122,975</u>	<u>30,335</u>

Note 12. Current assets - other

	Consolidated	
	2019	2018
	\$	\$
Prepayments	199,184	268,568
Security deposits	23,487	57,107
	<u>222,671</u>	<u>325,675</u>

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Leasehold improvements - at cost	48,087	48,087
Less: Accumulated depreciation	(48,087)	(20,361)
	<u>-</u>	<u>27,726</u>
Computer equipment - at cost	21,804	21,804
Less: Accumulated depreciation	(21,804)	(16,081)
	<u>-</u>	<u>5,723</u>
Office equipment - at cost	40,149	40,149
Less: Accumulated depreciation	(40,149)	(27,249)
	<u>-</u>	<u>12,900</u>
	<u>-</u>	<u>46,349</u>

Note 13. Non-current assets - property, plant and equipment (continued)

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 2018	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)
	<u>27,726</u>	<u>5,723</u>	<u>12,900</u>	<u>46,349</u>
Balance at 31 December 2018				
Depreciation expense	(27,726)	(5,723)	(12,900)	(46,349)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2019				

Note 14. Non-current assets - finance lease receivable

	Consolidated 2019 \$	2018 \$
Finance lease receivable	<u>464,277</u>	<u>-</u>

Reconciliations

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

Consolidated	\$
Balance at 1 January 2018	-
Balance at 31 December 2018	-
Finance lease receivable recognised at 1 March 2019 (note 2)	668,777
Sub-lease payments received	(204,500)
	<u>464,277</u>
Balance at 31 December 2019	

Note 15. Non-current assets - intangibles

	Consolidated 2019 \$	2018 \$
Goodwill - at cost	1,671,578	1,671,578
Less: Impairment	(1,671,578)	(820,000)
	<u>-</u>	<u>851,578</u>
Trademarks - at cost	8,151	8,151
Less: Impairment	(8,151)	-
	<u>-</u>	<u>8,151</u>
Customer relationships - at cost	840,000	840,000
Less: Accumulated amortisation	(560,000)	(392,000)
Less: Impairment	(280,000)	-
	<u>-</u>	<u>448,000</u>
Software development - at cost	7,032,158	5,971,801
Less: Accumulated amortisation	(3,965,928)	(3,372,992)
Less: Impairment	(3,066,230)	-
	<u>-</u>	<u>2,598,809</u>
	<u>-</u>	<u>3,906,538</u>

Reconciliations

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

Consolidated	Goodwill \$	Trademarks \$	Customer relationships \$	Software development \$	Total \$
Balance at 1 January 2018	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	851,578	8,151	448,000	2,598,809	3,906,538
Additions	-	-	-	1,060,357	1,060,357
Impairment of assets	(851,578)	(8,151)	(280,000)	(3,066,230)	(4,205,959)
Amortisation expense	-	-	(168,000)	(592,936)	(760,936)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<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 2019 and 2018 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 (2018: 19.0% per annum). Cash flows beyond that five-year period have been extrapolated using a steady 2.5% (2018: 2.5%) per annum growth representing an estimate of the annual consumer price index increase.

Note 15. Non-current assets - intangibles (continued)

The carrying amount of the CGU was determined to be \$2,475,290, however, due to the uncertainty in the current environment the directors deemed it prudent to fully impair the assets whilst this uncertainty exists. An impairment loss of \$4,205,959 during 2019 (2018: \$820,000) was recognised. The impairment loss fully impaired all intangible assets and was recognised in profit or loss for the year.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	580,527	555,391
Deferred lease incentives	-	77,278
Accrued expenses	196,797	298,543
Other payables	589,643	304,437
	<u>1,366,967</u>	<u>1,235,649</u>

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - contract liabilities

	Consolidated	
	2019	2018
	\$	\$
Contract liabilities - deferred revenue	<u>466,861</u>	<u>831,273</u>

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

Refer to note 19 for reconciliation of the written down values at the beginning and end of the current and previous financial year.

Note 18. Current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Trade finance	<u>140,000</u>	<u>-</u>

Refer to note 25 for further information on financial instruments.

Note 19. Non-current liabilities - contract liabilities

	Consolidated	
	2019	2018
	\$	\$
Contract liabilities - deferred revenue	<u>196,838</u>	<u>179,322</u>
<i>Reconciliation</i>		
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	1,010,599	885,288
Payments received in advance	753,446	1,656,145
Transfer to revenue	<u>(1,094,346)</u>	<u>(1,530,834)</u>
Closing balance	<u>669,699</u>	<u>1,010,599</u>

Deferred revenue of \$196,838 and \$nil (2018: \$117,119 and \$62,203) are expected to be recognised as revenue within 24 and 36 months, respectively.

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Convertible notes payable	<u>1,118,640</u>	<u>-</u>

Refer to note 25 for further information on financial instruments.

Convertible notes - at fair value

During the year, the Company issued convertible notes.

The notes can be converted to ordinary shares by the noteholder delivering a conversion notice to the Company and may convert all or part of the notes between the date of issue and 31 December 2021. A noteholder is not entitled to redeem the notes before 31 December 2021 and has no right to convert the notes unless and until the issuer obtains shareholder approval. If approved, the number of shares to be issued on conversion of the notes will be calculated by dividing the number of notes to be converted by \$0.15. Interest is payable on the notes at a rate of 10% per annum with interest accruing daily.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2019	2018
	\$	\$
Trade finance	<u>140,000</u>	<u>-</u>

Assets pledged as security

The trade finance is secured over the Group's related trade assets.

Note 21. Equity - issued capital

	2019 Shares	Consolidated 2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	163,060,417	103,248,334	21,543,678	18,553,963

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2018	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				(753,519)
Balance	31 December 2018	103,248,334		18,553,963
Issue of shares	1 August 2019	25,812,083	\$0.05	1,290,604
Issue of shares	24 September 2019	12,000,000	\$0.05	600,000
Issue of shares	5 November 2019	22,000,000	\$0.05	1,100,000
Share issue transaction costs				(889)
Balance	31 December 2019	163,060,417		21,543,678

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 2018 Annual Report.

Note 22. Equity - shareholder capital

	Consolidated	
	2019	2018
	\$	\$
Shares to be issued	137,100	-

On 18 December 2019, the Company announced completion of a \$280,000 placement to investors to settle in two tranches after the end of the financial year. As at 31 December 2019, \$137,100 in respect of tranche 1 had been received by the Company. The tranche was completed on 6 January 2020 following the issue of 6,284,000 fully paid ordinary shares.

Note 23. Equity - reserves

	Consolidated	
	2019	2018
	\$	\$
Foreign currency translation reserve	(151,261)	(118,319)
Share-based payments reserve	2,751,000	2,751,000
Common control reserve	250,836	250,836
	<u>2,850,575</u>	<u>2,883,517</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 24. Equity - dividends

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

Note 25. 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.

Note 25. Financial instruments (continued)

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.

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.

Note 25. Financial instruments (continued)

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.

Consolidated - 2019	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	595,527	-	-	-	595,527
Other payables	-	589,643	-	-	-	589,643
<i>Interest-bearing - variable</i>						
Trade finance	-	140,000	-	-	-	140,000
<i>Interest-bearing - fixed rate</i>						
Convertible notes	10.00%	103,278	1,136,055	-	-	1,239,333
Lease liability	5.00%	295,724	228,381	-	-	524,105
Total non-derivatives		<u>1,724,172</u>	<u>1,364,436</u>	<u>-</u>	<u>-</u>	<u>3,088,608</u>

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

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

Note 26. 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

Consolidated - 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed investments	24,651	-	-	24,651
Total assets	24,651	-	-	24,651

<i>Liabilities</i>				
Convertible notes	-	-	1,118,640	1,118,640
Total liabilities	-	-	1,118,640	1,118,640

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

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:

Consolidated	Convertible notes \$
Balance at 1 January 2018	4,750,332
Converted to ordinary shares	<u>(4,750,332)</u>
Balance at 31 December 2018	-
Additions	<u>1,118,640</u>
Balance at 31 December 2019	<u><u>1,118,640</u></u>

Note 26. Fair value measurement (continued)

The notes can be converted to ordinary shares by the noteholder delivering a conversion notice to the Company and may convert all or part of the notes between the date of issue and 31 December 2021. A noteholder is not entitled to redeem the notes before 31 December 2021 and has no right to convert the notes unless and until the issuer obtains shareholder approval. If approved, the number of shares to be issued on conversion of the notes will be calculated by dividing the number of notes to be converted by \$0.15. Interest is payable on the notes at a rate of 10% per annum with interest accruing daily.

Note 27. 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	
	2019	2018
	\$	\$
Short-term employee benefits	911,966	1,281,424
Post-employment benefits	28,173	49,517
Long-term benefits	-	4,615
	940,139	1,335,556

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services - William Buck (2018: Deloitte Touche Tohmatsu)</i>		
Audit or review of the financial statements	85,000	120,000

There were no other services performed by the auditor during the year ended 31 December 2019 or 31 December 2018.

Note 29. Contingent liabilities

The Group has no contingent liabilities at 31 December 2019 and 31 December 2018.

Note 30. Related party transactions

Parent entity

Simble Solutions Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Note 30. 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	
	2019	2018
	\$	\$
Current payables:		
Trade payable to other related party, Wise-Owl.com Pty Limited	34,842	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

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

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	(2,974,942)	(7,716,043)
Total comprehensive loss	(2,972,942)	(7,716,043)

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	325,954	425,297
Total assets	5,936,353	4,783,739
Total current liabilities	1,179,497	793,900
Total liabilities	2,440,358	1,439,617
Equity		
Issued capital	21,543,678	18,553,963
Shareholder capital	137,100	-
Share-based payments reserve	2,751,000	2,751,000
Accumulated losses	(20,935,783)	(17,960,841)
Total equity	3,495,995	3,344,122

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 2019 and 31 December 2018.

Note 31. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2019 and 31 December 2018.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2019 and 31 December 2018.

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 32. 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	
		2019 %	2018 %
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%
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 33. Cash flow information

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

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax expense for the year	(8,110,719)	(7,719,698)
Adjustments for:		
Depreciation and amortisation	807,285	2,384,895
Impairment of goodwill	851,578	820,000
Impairment of intangibles	3,354,381	-
Share issue expenses	-	742,780
Non-operating finance costs on borrowings	85,863	-
Non-operating finance costs on lease liabilities	14,400	-
Other	1,821	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	108,389	23,047
Increase in inventories	(92,640)	(30,335)
Increase in deferred tax assets	(19,413)	-
Decrease in prepayments	69,384	150,807
Increase/(decrease) in trade and other payables	131,318	(2,461,560)
Increase/(decrease) in contract liabilities	(346,896)	125,307
Increase/(decrease) in provision for income tax	8,561	(79,802)
Increase in deferred tax liabilities	20,401	-
Decrease in employee benefits	(82,673)	(19,595)
Increase/(decrease) in other operating liabilities	(189,182)	189,182
Net cash used in operating activities	<u>(3,388,142)</u>	<u>(5,874,972)</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.

Consolidated	Trade finance (note 18) \$	Convertible notes (note 20) \$	Lease liabilities \$	Borrowings \$	Total \$
Balance at 1 January 2018	-	4,750,332	-	80,000	4,830,332
Net cash used in financing activities	-	(4,750,332)	-	(80,000)	(4,830,332)
Balance at 31 December 2018	-	-	-	-	-
Net cash from/(used in) financing activities	140,000	1,032,777	(252,379)	-	920,398
Changes from adoption of new accounting policy	-	-	753,002	-	753,002
Other changes	-	85,863	-	-	85,863
Balance at 31 December 2019	<u>140,000</u>	<u>1,118,640</u>	<u>500,623</u>	<u>-</u>	<u>1,759,263</u>

Note 34. 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.

All performance shares have now lapsed as the associated performance milestones were not achieved.

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.

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.

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

Set out below are summaries of options granted under the plans:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
14/05/2018	31/03/2023	\$0.00	4,495,750	-	-	(995,750)	3,500,000
			4,495,750	-	-	(995,750)	3,500,000

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
14/05/2018	31/03/2023	\$0.00	-	4,495,750	-	-	4,495,750
			-	4,495,750	-	-	4,495,750

The weighted average share price during the financial year was \$0.057 (2018: \$0.209).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years (2018: 4.25 years).

Note 35. Loss per share

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(8,110,719)</u>	<u>(7,719,698)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>120,710,762</u>	<u>85,674,657</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>120,710,762</u>	<u>85,674,657</u>
	Cents	Cents
Basic loss per share	(6.72)	(9.01)
Diluted loss per share	(6.72)	(9.01)

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

Note 36. Events after the reporting period

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world, including Australia. The Group considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, to business and economic activity. The impact of the COVID-19 pandemic is currently being assessed by the Group, given the ever-changing conditions in relation to the pandemic it is too early to assess the financial impacts (if any). The Directors will continue to assess the situation as it develops.

On 12 February 2020, the Company announced that it would be undertaking a Share Purchase Plan ('SPP') with the intention of offering up to 30% of the Company's share capital, being the maximum amount permitted by the Australian Stock Exchange ('ASX') Listing Rules, at \$0.016 per share. The original SPP closing date of 6 March, 2020 was extended to 27 March, 2020 and has raised at least \$115,800.

On 17 February 2020, the Company announced that 19,094,546 fully paid ordinary shares, 13,500,000 Class A performance shares and 22,500,000 Class B performance shares would be released from mandatory escrow arrangements on 24 February 2020.

On 21 February 2020, the Company announced that it had signed a three-year agreement with Feilo Sylvania International Group Ltd (Sylvania Lighting) to incorporate the SimbleSense platform into Sylvania Lighting's lighting projects to commercial customers, commencing in the UK, France, Germany, Spain and Italy.

On 25 March 2020, the Company announced completion of a \$375,000 placement to investors via the issue of 20.833 million fully paid ordinary shares at \$0.018 per share. The shares will be issued in two tranches. The first on 30 March 2020 by the issue of 6.781 million shares under listing rule 7.1 of the ASX. The second issue of 14.052 million shares is subject to shareholder approval at the 2019 Annual General Meeting with the placement funds held on trust subject to the issue of shares.

No other matter or circumstance has arisen since 31 December 2019 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 2019 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



Fadi Geha
Director

31 March 2020
Sydney

Simble Solutions Limited

Independent auditor's report to members

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 2019, the consolidated statement of 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 2019 and of its financial performance for the year ended on that date; 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 on Going Concern

We also draw attention to Note 2 & Note 36 in the financial report, which indicates that the Group incurred a net loss of \$8,110,719 (2018: \$7,719,698) during the year ended 31 December 2019, and, as of that date, the Group has a current working capital deficiency of \$808,006 (2018: \$422,262) and a net liability position of \$1,740,728 (2018: net asset \$3,344,122). As stated in Note 2 and Note 36, these events or conditions, along with other matters as set forth in Note 2 and Note 36, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Sydney NSW 2000

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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 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.

Intangible Assets	
Area of focus	How our audit addressed it
<p>During the 2019 financial year, the Group has continued to capitalise costs that are directly attributable to the development of its Intangible Assets.</p> <p>There is a risk that the accounting criteria associated with the capitalisation of the Developed Software may no longer be appropriate to the remaining balance and that capitalised costs will not be able to generate sufficient economic benefit to support their carrying values at year end.</p> <p>The goodwill and customer relationships impairment was based on the value in use model set out in Note 3 which uses the following significant judgements in relation to:</p> <ul style="list-style-type: none"> — Expected future cash flows; — Discount rates; and — Future growth rates. <p>As at 31 December 2019, the Group has recognised an impairment charge of \$4,205,959 to its Intangible Assets, relating to Goodwill, capitalised Developed Software, Customer Relationships and Trademarks – refer to Note 15.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Assessing the appropriateness of the carrying value of the Intangible Assets at year end, with reference to future forecasted cash flows, profitable revenues; and — Assessing the directors appropriateness of the impairment indicators in relation to capitalised costs and testing of the impairment charge calculation recognised in the year; and — A review of the directors' assessment of the criteria for the capitalisation of Intangible Assets and an evaluation of the amortisation rates used in accordance with the Groups accounting policies as stated in Note 2; and — Assessing the costs capitalised in the year to test if they meet the requirements for capitalisation in accordance with Australian Accounting Standards. <p>We assessed the adequacy of the Group's disclosures in respect of the intangible assets.</p>
Convertible Notes	
Area of focus	How our audit addressed it
<p>During the financial year 2019 the Group raised \$1,032,777 by way of unsecured convertible notes.</p> <p>The valuation and classification of convertible notes is dependent on the conditions stated in the underlying agreements.</p> <p>The Group has determined that the convertible notes are to be classified as a liability with no debt component.</p> <p>The risk is that significant judgement is required by the Group in determining whether the note should be classified as debt or equity.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — A review of the convertible note agreements and key clauses; and — Performed an assessment over the Directors calculation of the convertible notes being either classified as debt, equity or a compound instrument; and — Tested the criteria to see if the treatment of the convertible notes are in accordance with Australian Accounting Standards. <p>We assessed the adequacy of the Group's disclosures in respect of the Convertible Notes.</p>

Revenue Recognition	
Area of focus	How our audit addressed it
<p>The Group sells a number of products and services to its customers across the globe. Sales contracts contain various performance milestones and other terms that determine when the performance milestones have been met. Disclosure in Note 2 provides additional information on how the Group accounts for its revenue.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Testing a sample of the sales transactions from each revenue stream for compliance with the Groups accounting policies Australian Accounting Standards; and — Performed analytical procedures to identify and evaluate a sample of manual and automatic journal entries; and — Traced revenue information to accounting records and other supporting documentation. <p>We assessed the adequacy of the Group's disclosures in respect of the Revenue Recognition.</p>

Other Matter

The financial report of the Group for the year ended 31 December 2018 was audited by another auditor who expressed an unmodified opinion with a material uncertainty related to going concern on the financial report dated 29 March 2019.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019 but does not include the financial report and the 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 has 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Simble Solutions Limited, for the year ended 31 December 2019, 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.



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L.E. Tutt
Partner
Sydney, 31 March 2020

The shareholder information set out below was applicable as at 23 March 2020.

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	19	4,566
1,001 to 5,000	39	125,017
5,001 to 10,000	106	949,571
10,001 to 100,000	333	14,751,809
100,001 and over	207	153,513,454
	<u>704</u>	<u>169,344,417</u>
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
VELASCO S A	20,000,000	11.81
HSBC CUSTODY NOMINEES	18,216,266	10.76
FADI GEHA & AFFILIATES	14,007,085	8.27
BNP PARIBAS NOMINEES PTY LTD	7,413,974	4.38
OB CAPITAL LTD	2,680,122	1.58
INCIPIENT CAPITAL LIMITED	2,601,825	1.54
FUSHENG INVESTMENTS LIMITED	2,500,000	1.48
TEREBRATION PTY LTD	2,449,998	1.45
MINOSA LTD	2,221,080	1.31
BT PORTFOLIO SERVICES LIMITED	2,000,000	1.18
PHILIP TYE	2,000,000	1.18
ORIENTAL COOL PTY LTD	2,000,000	1.18
CITICORP NOMINEES PTY LIMITED	1,829,423	1.08
ALLIED RESOURCES HOLDINGS LTD	1,660,479	0.98
MR ERIC CATUNCAN	1,600,000	0.94
MR KIE CHIE WONG	1,500,000	0.89
DR DANIEL TILLET	1,424,200	0.84
MR MUSTAFA RASIH BENSAN	1,374,089	0.81
MR PAOLO CORRONCA	1,354,780	0.80
DMX CAPITAL PARTNERS LIMITED	1,272,620	0.75
	<u>90,105,941</u>	<u>53.21</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	6,700,000	19
Convertible notes	935,000	7

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
VELASCO S A	20,000,000	11.81
HSBC CUSTODY NOMINEES	18,216,266	10.76
FADI GEHA & AFFILIATES	14,007,085	8.27

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.

All other class of equity securities, including options and convertible notes, incur no voting rights.

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
		<u>41,594,546</u>

Directors	Philip Tye (Chairman) Fadi Geha Ben Loiterton
Company secretary	Hasaka Martin
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	William Buck Level 29 66 Goulburn 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	www.simblegroup.com
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: https://simblegroup.com/investors/governance</p>