

1. Company details

| | |
|-------------------|--------------------------------------|
| Name of entity: | Simble Solutions Limited |
| ABN: | 17 608 419 656 |
| Reporting period: | For the half-year ended 30 June 2020 |
| Previous period: | For the half-year ended 30 June 2019 |

2. Results for announcement to the market

| | \$ |
|--|-------------------------|
| Revenues from ordinary activities | down 19.8% to 1,202,054 |
| Loss from ordinary activities after tax attributable to the owners of Simble Solutions Limited | down 74.6% to (376,652) |
| Loss for the half-year attributable to the owners of Simble Solutions Limited | down 74.6% to (376,652) |

Dividends

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

Comments

For the half year ended 30 June 2020, the loss for the Group after providing for income tax amounted to \$376,652, an improvement of 75% on the prior comparative period.

Underlying EBITDA for the six months ended 30 June 2020 was a loss of \$219,348, an improvement of 73% on the prior comparative period as the company actively managed through the COVID-19 global pandemic by focusing on consolidating revenues whilst maintaining a disciplined approach to costs.

Underlying EBITDA is a key measurement used by management and the board to review and assess business performance and is a non-IFRS measure calculated as profit before income tax, and before depreciation and amortisation, capitalised salaries, share based payments, net finance costs and foreign exchange. A reconciliation of underlying EBITDA is shown below:

| | Consolidated | 30 Jun 2020 | 30 Jun 2019 |
|-------------------------------|--------------|------------------|------------------|
| | \$ | \$ | \$ |
| Loss after income tax benefit | | (376,652) | (1,481,763) |
| Add-back: | | | |
| Interest | 95,590 | 132,388 | |
| Tax | - | 6,965 | |
| Depreciation | - | 84,278 | |
| Amortisation | - | 380,468 | |
| Statutory EBITDA | | (281,062) | (877,664) |
| Add-back: | | | |
| Capital raising costs | 61,714 | 57,691 | |
| Underlying EBITDA | | <u>(219,348)</u> | <u>(819,973)</u> |

Please refer to the Review of Operations in the Directors' report in the attached financial report for further commentary.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------|-----------------------|
| Net tangible assets per ordinary security | <u><u>(0.76)</u></u> | <u><u>(2.32)</u></u> |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends*Current period*

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities*Details of origin of accounting standards used in compiling the report:*

Not applicable.

10. Audit qualification or review*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments*Details of attachments (if any):*

The Interim Report of Simble Solutions Limited for the half-year ended 30 June 2020 is attached.

12. Signed

As authorised by the Board of Directors



Signed _____

Date: 28 August 2020

Ben Loiterton
Chairman
Sydney

Simble Solutions Limited and its controlled entities

ABN 17 608 419 656

Interim Report - 30 June 2020

Simble Solutions Limited and its controlled entities

Contents

30 June 2020



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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 half-year ended 30 June 2020.

Directors

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

Ben Loiterton (Chairman) - Appointed Chairman 1 June 2020
Philip Tye (Former Chairman) - Resigned as Chairman 1 June 2020
Fadi Geha

Principal activities

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

Dividends

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

Review of operations

The Simble Solutions Limited Group made a loss after income tax expense amounting to \$376,652 for the half-year to 30 June 2020 (30 June 2019: \$1,481,763), an improvement of 75% compared to the previous corresponding period. The directors consider this to be a strong result in a period notable for its challenging environment, particularly impacted by the COVID-19 global pandemic.

Total revenues for the period decreased by 20% to \$1,202,055 from \$1,498,498 in the prior half-year period to 30 June 2019.

Energy Software-as-a-Service ('SaaS') sales revenue increased by \$128,564 or 32% to \$529,474. This was offset by a decrease in hardware sales, which were \$92,919 or 68% lower at \$42,879 primarily due to the timing of a large stocking order that was placed in the prior half year period. Overall, revenues from the Company's energy division increased by 7% to \$572,352, compared to \$536,708 in the previous corresponding period. While hardware revenues are recognised immediately, SaaS revenues are recognised on a pro-rata basis over the contract term and it is anticipated that the Company's recurring revenue base will continue to strengthen.

Operating revenues in the UK are solely energy SaaS and increased to \$288,648, up 12% from \$257,853 in the prior half, as the Company onboarded and consolidated customers, particularly those utilising the software-only solution, SimbleConnect. Australian energy SaaS revenues were flat at \$293,030 compared with \$297,780 in the previous corresponding period.

Revenues from the Company's mobility SaaS division declined by 42% to \$284,637 during the financial year compared to \$488,154 in 2019. Despite the decline in revenues, the Company was successful in renewing contracts with several long-standing local government authority customers, thus maintaining mobility SaaS as a related, but diversified, income stream. It remains a priority to broaden the customer base for the Simble product suite by exploring complementary opportunities across both divisions.

Other income consists primarily of Research and Development tax incentives, which decreased to \$289,906 (30 June 2019: \$429,271), as a function of the Company's vigilant cost management which resulted in reduced claimable expenditure on software development.

The Group has continued to vigilantly manage its operating costs with operating expenses of \$1,223,693 for the six months to 30 June 2020 down from \$2,407,076 for the previous corresponding period. This decrease represents an improvement of \$1,183,383 or 49% for the six-month period.

Net cash used in operating activities in the period improved to \$758,398 compared to \$782,337 in the six months to June 2019, although the actual improvement in the Company's cash burn was masked by the payment of circa \$235,000 of prior period legacy liabilities in the current period.

The Company's intangible assets including capitalised software, trademarks, customer relationships and goodwill were fully impaired to zero carrying value at 31 December, 2019. Due to the uncertainty in the current environment the directors believe that the criteria for the recognition of intangible assets has not been met in the period. Notwithstanding this accounting treatment, the directors believe that the software owned by the Company has substantial economic value and expect that the criteria for the recognition of intangible assets will be met in the future, at which time the costs of software development will be capitalised.

Underlying EBITDA is a key measurement used by management and the board to review and assess business performance and is a non-IFRS measure calculated as profit before income tax, and before depreciation and amortisation, capitalised salaries, share based payments, net finance costs and foreign exchange. A reconciliation of underlying EBITDA is shown below:

| | Consolidated | |
|-------------------------------|------------------|------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| Loss after income tax benefit | (376,652) | (1,481,763) |
| Add-back: | | |
| Interest | 95,590 | 132,388 |
| Tax | - | 6,965 |
| Depreciation | - | 84,278 |
| Amortisation | - | 380,468 |
| Statutory EBITDA | (281,062) | (877,664) |
| Add-back: | | |
| Capital raising costs | 61,714 | 57,691 |
| Underlying EBITDA | <u>(219,348)</u> | <u>(819,973)</u> |

Significant changes in the state of affairs

During the financial half-year, the world continued to be beset by the effects of the infectious disease COVID-19 ('Coronavirus'). Despite the passing of time, the impact of the COVID-19 pandemic on the Company remains uncertain. The Directors will continue to assess the situation on a regular basis.

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 20,833,335 fully paid ordinary shares at \$0.018 per share. The shares were issued in two tranches, the first on 30 March 2020 by the issue of 6,781,103 shares under listing rule 7.1 of the ASX and the second by the issue of 14,052,232 million shares following shareholder approval at the 2019 Annual General Meeting.

On 7 April 2020, the Company announced that 22,500,000 Class B and 2,500,000 Class D performance shares issued as part of the Company's initial public offering in 2018 had lapsed as the performance criteria were not met.

At the Company's Annual General Meeting held on 1 June 2020, the shareholders approved the second tranche issue of 14,052,232 shares thereby completing the \$375,000 placement to investors announced on 25 March 2020.

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

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.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Ben Loiterton
Chairman

28 August 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 half-year ended 30 June 2020 there have been:

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



William Buck
Accountants & Advisors
ABN 16 021 300 521



L E. Tutt
Partner
Sydney, 28 August 2020

ACCOUNTANTS & ADVISORS

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Simble Solutions Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020



| | Note | Consolidated | |
|---|------|--------------|-------------|
| | | 30 Jun 2020 | 30 Jun 2019 |
| | | \$ | \$ |
| Revenue | | | |
| Revenue | 4 | 866,315 | 1,056,272 |
| Cost of sales | | (286,069) | (401,393) |
| Gross margin | | 580,246 | 654,879 |
| Other income | 5 | 335,480 | 429,271 |
| Interest revenue calculated using the effective interest method | | 259 | 12,955 |
| Expenses | | | |
| Marketing | | (9,925) | (29,414) |
| Administration | 6 | (1,223,693) | (2,407,076) |
| Impairment/(recovery of impairment) of receivables | | 42,026 | (1,173) |
| Finance costs | 6 | (101,045) | (134,240) |
| Loss before income tax expense | | (376,652) | (1,474,798) |
| Income tax expense | | - | (6,965) |
| Loss after income tax expense for the half-year attributable to the owners of Simble Solutions Limited | | (376,652) | (1,481,763) |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (26) | 15,192 |
| Other comprehensive income/(loss) for the half-year, net of tax | | (26) | 15,192 |
| Total comprehensive loss for the half-year attributable to the owners of Simble Solutions Limited | | (376,678) | (1,466,571) |
| | | Cents | Cents |
| Basic loss per share | 11 | (0.20) | (1.44) |
| Diluted loss per share | 11 | (0.20) | (1.44) |

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

| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 30 Jun 2020 | 31 Dec 2019 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 450,200 | 705,452 |
| Trade and other receivables | 7 | 581,040 | 480,775 |
| Inventories | | 46,078 | 122,975 |
| Financial assets at fair value through profit or loss | | 15,751 | 24,651 |
| Other | | 245,530 | 222,671 |
| Total current assets | | <u>1,338,599</u> | <u>1,556,524</u> |
| Non-current assets | | | |
| Finance lease receivable | | 349,218 | 464,277 |
| Deferred tax | | 19,413 | 19,413 |
| Other deposits | | 143,162 | 143,162 |
| Total non-current assets | | <u>511,793</u> | <u>626,852</u> |
| Total assets | | <u>1,850,392</u> | <u>2,183,376</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,153,786 | 1,366,967 |
| Contract liabilities | | 485,821 | 466,861 |
| Borrowings | | 66,667 | 140,000 |
| Lease liabilities | | 289,841 | 276,928 |
| Income tax | | 17,123 | 17,126 |
| Employee benefits | | 70,907 | 96,648 |
| Total current liabilities | | <u>2,084,145</u> | <u>2,364,530</u> |
| Non-current liabilities | | | |
| Contract liabilities | | 52,167 | 196,838 |
| Borrowings | | 1,175,591 | 1,118,640 |
| Lease liabilities | | 75,497 | 223,695 |
| Deferred tax | | 20,401 | 20,401 |
| Total non-current liabilities | | <u>1,323,656</u> | <u>1,559,574</u> |
| Total liabilities | | <u>3,407,801</u> | <u>3,924,104</u> |
| Net liabilities | | <u>(1,557,409)</u> | <u>(1,740,728)</u> |
| Equity | | | |
| Issued capital | 8 | 22,240,775 | 21,543,678 |
| Shareholder capital | | - | 137,100 |
| Reserves | | 2,850,549 | 2,850,575 |
| Accumulated losses | | (26,648,733) | (26,272,081) |
| Total deficiency in equity | | <u>(1,557,409)</u> | <u>(1,740,728)</u> |

Simble Solutions Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 30 June 2020



| Consolidated | Issued capital \$ | Shareholder capital \$ | Common control reserve \$ | Foreign currency translation reserve \$ | Share-based payments reserve \$ | Accumulated losses \$ | Total equity \$ |
|--|--------------------------|-------------------------------|----------------------------------|--|--|------------------------------|--------------------------------------|
| Balance at 1 January 2019 | 18,553,963 | - | 250,836 | (118,319) | 2,751,000 | (18,161,362) | 3,276,118 |
| Loss after income tax expense for the half-year | - | - | - | - | - | (1,481,763) | (1,481,763) |
| Other comprehensive income for the half-year, net of tax | - | - | - | 15,192 | - | - | 15,192 |
| Total comprehensive income/(loss) for the half-year | - | - | - | 15,192 | - | (1,481,763) | (1,466,571) |
| Balance at 30 June 2019 | <u>18,553,963</u> | <u>-</u> | <u>250,836</u> | <u>(103,127)</u> | <u>2,751,000</u> | <u>(19,643,125)</u> | <u>1,809,547</u> |
| Consolidated | Issued capital \$ | Shareholder capital \$ | Common control reserve \$ | Foreign currency translation reserve \$ | Share-based payments reserve \$ | Accumulated losses \$ | Total deficiency in equity \$ |
| Balance at 1 January 2020 | 21,543,678 | 137,100 | 250,836 | (151,261) | 2,751,000 | (26,272,081) | (1,740,728) |
| Loss after income tax expense for the half-year | - | - | - | - | - | (376,652) | (376,652) |
| Other comprehensive loss for the half-year, net of tax | - | - | - | (26) | - | - | (26) |
| Total comprehensive loss for the half-year | - | - | - | (26) | - | (376,652) | (376,678) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | | |
| Contributions of equity, net of transaction costs (note 8) | <u>697,097</u> | <u>(137,100)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>559,997</u> |
| Balance at 30 June 2020 | <u>22,240,775</u> | <u>-</u> | <u>250,836</u> | <u>(151,287)</u> | <u>2,751,000</u> | <u>(26,648,733)</u> | <u>(1,557,409)</u> |

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

Simble Solutions Limited and its controlled entities
Consolidated statement of cash flows
For the half-year ended 30 June 2020



| | Note | 30 Jun 2020 | 30 Jun 2019 | Consolidated |
|---|------|-------------|-------------|--------------|
| | | \$ | \$ | |
| Cash flows from operating activities | | | | |
| Receipts from customers (inclusive of GST) | | 1,202,542 | 1,175,446 | |
| Payments to suppliers and employees (inclusive of GST) | | (1,920,938) | (1,911,237) | |
| Interest received | | (718,396) | (735,791) | |
| Research and development incentive received | | 259 | 12,955 | |
| Interest and other finance costs paid | | 3,833 | 30,800 | |
| Income taxes refunded | | (44,094) | (91,801) | |
| | | - | 1,500 | |
| Net cash used in operating activities | | (758,398) | (782,337) | |
| Cash flows from investing activities | | | | |
| Payments for intangibles | | - | (886,669) | |
| Proceeds from disposal of investments | | 8,900 | 55,190 | |
| Proceeds from disposal of property, plant and equipment | | - | 3,585 | |
| Proceeds from release of security deposits | | 21,648 | 13,604 | |
| Net cash from/(used in) investing activities | | 30,548 | (814,290) | |
| Cash flows from financing activities | | | | |
| Proceeds from issue of shares | | 620,800 | - | |
| Share issue transaction costs | | (60,803) | - | |
| Proceeds from issue of convertible notes | | - | 1,032,789 | |
| Proceeds from borrowings | | - | 19,584 | |
| Proceeds from lease receivable | | 121,245 | 80,830 | |
| Repayment of borrowings | | (73,023) | - | |
| Repayment of lease liabilities | | (135,595) | (135,353) | |
| Net cash from financing activities | | 472,624 | 997,850 | |
| Net decrease in cash and cash equivalents | | (255,226) | (598,777) | |
| Cash and cash equivalents at the beginning of the financial half-year | | 705,452 | 849,438 | |
| Effects of exchange rate changes on cash and cash equivalents | | (26) | 17,003 | |
| Cash and cash equivalents at the end of the financial half-year | | 450,200 | 267,664 | |

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

Note 1. General information

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

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 | Principal place of business |
|---|---|
| C/O Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000 | 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 28 August 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The Directors have prepared the half-year 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 \$376,652 (30 June 2019: net loss of \$1,481,763) and the consolidated statement of cash flows shows net operating cash outflows of \$758,398 (30 June 2019: net operating cash outflows of \$782,337) for the half-year ended 30 June 2020. The consolidated statement of financial position shows net liabilities of \$1,557,409 (31 December 2019: net liabilities of \$1,740,728) as well as an excess of current liabilities over current assets of \$745,546 (31 December 2019: excess of current liabilities over current assets of \$808,006).

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 30 June 2020, the Group had available cash resources of \$450,200. As at 16 August 2020, the Group had available cash resources of \$522,401 inclusive of the United Kingdom's Research & Development tax relief claim received in August 2020. The Group will continue to incur expenditure that will give rise to such claims in the year ended 31 December 2020;
- 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;
- The Group has forecasted revenue over the period to 31 December 2021 by identifying discreet potential revenue opportunities and applying an appropriate conversion factor based on historical experience. The impact of the COVID-19 pandemic is ongoing and while Group earnings have, on the whole, proved resilient up to 30 June 2020, there is significant uncertainty regarding future events and the potential impact on revenue. The Directors will continue to assess the situation on a regular basis;
- The Group has continually reduced its recurring operating expenditure and, following these reductions, has stabilised 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 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.

Note 3. 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 half-year, UCR Consultants contributed 20.3% of external sales.

Note 4. Revenue

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| Rendering of services and sale of goods | <u>866,315</u> | <u>1,056,272</u> |

Disaggregation of revenue

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

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| <i>Major product lines</i> | | |
| Energy | 572,352 | 536,708 |
| Mobility | 284,637 | 488,154 |
| Wise-Owl | 9,326 | 31,411 |
| | <u>866,315</u> | <u>1,056,273</u> |
| <i>Geographical regions</i> | | |
| Australia | 577,667 | 785,934 |
| United Kingdom | 288,648 | 257,853 |
| New Zealand | - | 12,485 |
| | <u>866,315</u> | <u>1,056,272</u> |
| <i>Timing of revenue recognition</i> | | |
| Goods and services transferred over time | 786,974 | 777,053 |
| Goods and services transferred at a point in time | 79,341 | 279,219 |
| | <u>866,315</u> | <u>1,056,272</u> |

Note 5. Other income

| | Consolidated | |
|--|---------------------|--------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| Research and development tax incentive | 289,906 | 429,271 |
| Other income | 45,574 | - |
| Other income | <u>335,480</u> | <u>429,271</u> |

Note 6. Expenses

| | Consolidated | |
|--|---------------------|--------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Administration</i> | | |
| Minimum lease payments | 39,502 | - |
| Employee benefits expense | 317,635 | 506,242 |
| Superannuation | 47,030 | 43,264 |
| Depreciation | - | 84,278 |
| Amortisation | - | 380,468 |
| Loss on sale of investments | - | 14,947 |
| General administration and other | 819,526 | 1,377,877 |
| Total administration | 1,223,693 | 2,407,076 |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on borrowings | 101,045 | 134,240 |

Note 7. Current assets - trade and other receivables

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Jun 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Trade receivables | | |
| Less: Allowance for expected credit losses | 172,322 | 273,577 |
| | (7,019) | (49,045) |
| | 165,303 | 224,532 |
| Other receivables | | |
| Amounts receivable from other related party, Wise-Owl.com Pty Limited | 36,300 | 30,745 |
| Goods and services tax recoverable | 34,402 | - |
| Research and development tax incentive recoverable | 58,962 | 225,498 |
| | 286,073 | - |
| | 581,040 | 480,775 |

Note 8. Equity - issued capital

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2020 | 31 Dec 2019 | 30 Jun 2020 | 31 Dec 2019 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | 201,815,252 | 163,060,417 | 22,240,775 | 21,543,678 |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|---|----------------|---------------|--------------------|------------|
| Balance | 1 January 2020 | 163,060,417 | | 21,543,678 |
| Issue of shares (December 2019 tranche 1) | 6 January 2020 | 6,284,000 | \$0.025 | 157,100 |
| Issue of shares (March placement) | 23 March 2020 | 20,833,335 | \$0.018 | 375,000 |
| Issue of shares (SPP) | 30 March 2020 | 7,237,500 | \$0.016 | 115,800 |
| Issue of shares (December 2019 tranche 2) | 8 May 2020 | 4,400,000 | \$0.025 | 110,000 |
| Share issue transaction costs | | | | (60,803) |
| Balance | 30 June 2020 | 201,815,252 | | 22,240,775 |

Note 9. Equity - dividends

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

Note 10. Contingent liabilities

The Group has no contingent liabilities at 30 June 2020 and 31 December 2019.

Note 11. Loss per share

| | Consolidated | |
|---|---------------------|--------------------|
| | 30 Jun 2020 | 30 Jun 2019 |
| | \$ | \$ |
| Loss after income tax attributable to the owners of Simble Solutions Limited | (376,652) | (1,481,763) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic loss per share | 185,499,155 | 103,248,334 |
| Weighted average number of ordinary shares used in calculating diluted loss per share | 185,499,155 | 103,248,334 |
| | Cents | Cents |
| Basic loss per share | (0.20) | (1.44) |
| Diluted loss per share | (0.20) | (1.44) |

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

Note 12. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and while Group earnings have, on the whole, proved resilient up to 30 June 2020, there is significant uncertainty regarding future events and the potential impact on revenue. The Group has accessed the government provided COVID-19 related JobKeeper grant during the period and has continued to do so to the date of signing this report.

On 11 August 2020, the Company announced that it had received \$290K under the United Kingdom's Research & Development (R&D) tax relief claim program in respect of the Company's R&D activities for the 2019 calendar year.

On 21 August 2020, the Company announced that it would be launching an upgraded SimbleHome app following the signing of a three-year marketplace agreement with Accurassi.

No other matter or circumstance has arisen since 30 June 2020 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.

Simble Solutions Limited and its controlled entities

Directors' declaration

30 June 2020



In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Ben Loiterton".

Ben Loiterton
Chairman

28 August 2020
Sydney

Simble Solutions Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Simble Solutions Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 2 to 15, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Simble Solutions Limited on pages 2 to 15 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$376,652 during the half year ended 30 June 2020 and, as of that date, the consolidated entity's liabilities exceeded its assets by \$1,557,409. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor

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of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Simble Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L.E. Tutt
Partner
Sydney, 28 August 2020