



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

**ABN 17 608 419 656**

**Annual Report - 31 December 2017**

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Dear Fellow Shareholders

On behalf of the Board of Simble Solutions Limited (**Simble** or the **Company**) I am pleased to present our 2017 Annual Report.

The last twelve months was a period of transformation and restructure ahead of our successful listing on the Australian Securities Exchange (ASX). We have invested heavily in product development and foundation building for what we believe will be an exciting 2018.

Simble is led by an experienced management team, headed by Chief Executive Officer Fadi Geha, who founded the Company in 2009. Simble achieved a critical milestone on 22 February 2018, when the Company commenced trading on the ASX after raising \$7.5 million in a heavily oversubscribed Initial Public Offering (IPO).

During 2017 management made the strategic decision to shift the Company's focus towards energy management. A result of this shift is the Simble Energy Platform, a real time energy visualisation and analytics platform with Internet of Things (IoT) capability. The platform allows businesses to monitor and control energy usage. It is being sold as a SaaS solution in Australia and the UK for businesses seeking to reduce energy consumption.

I take great pride in my role as Chairman and the Board is committed to ensuring that our business is conducted in accordance with the highest standards of corporate governance. We have a responsibility towards our clients, shareholders and partners and we take the privilege of being a public company very seriously.

On behalf of the Board, I would like to thank all of our new and existing shareholders for their support and we are excited to share this journey with you. We are confident that the coming year will be deserving of your loyalty as we strive to take advantage of an enormous opportunity with a raised profile as a listed company.

As the Chairman of Simble I look forward to leading the Company through a transformational year.



Philip Tye  
Chairman of the Board  
29 March 2018

Dear Fellow Shareholders

I am proud of the progress Simble made during 2017, and on behalf of the entire management team, we are excited to commence our first year as an ASX listed company. We have a strong opportunity pipeline as we take the Simble Energy Platform to market. The strategic actions we have taken in FY17 will help us to drive growth and accelerate our expansion in Australia and the UK for FY18 and years to come.

The Simble Energy Platform is a strategic intellectual property suite, designed to service the growing market for energy management systems and our key focus will be to convert our large opportunity pipeline into revenue generating contracts in the fast-growing energy management sector.

While Simble has historically generated most of its revenue from enterprise SaaS solutions, the Simble Energy Platform represents a volume opportunity aimed at small to medium-sized enterprises (SMEs). We have built an opportunity pipeline with the potential to add 200 SME customer sites per month on a recurring revenue SaaS business model.

### **Product upgrades and strategy**

The past year has seen the Company pivot its business to take advantage of the significant opportunity emerging in the energy management sector. Simble has made substantial investments in its R&D capabilities to develop leading software solutions, and a result of these investments is the Simble Energy Platform.

Significant capital investments have been made to more closely align our solutions with the volume-based sales infrastructure of existing and prospective channel partners, and a major upgrade saw Internet of Things (IoT) circuit control capability introduced during 2017. The result is a platform, engineered to scale that is flexible in its deployment and agnostic to existing energy systems.

The Simble Energy Platform is sold as a SaaS solution to businesses in Australia and the UK, and we have opened a dedicated UK sales office to service legislative driven demand stemming from the UK Government's mandated smart meter rollout.

### **Corporate and financial**

The loss for the Group after providing for income tax amounted to \$7,644,078 with an underlying EBITDA loss of \$2,184,284. The results for the year ended 31 December 2017 were impacted by several non-recurring items attributable to the IPO.

During the year we have invested \$2,196,683 in Research and Development (R&D), primarily to develop our software solutions ahead of the commercial rollout and expected increase in user numbers on the Simble Energy Platform.

Operating Margins have improved from 64% during CY16 to 77% during CY17 following a shift in focus to higher margin revenue sources. The shift away from less profitable revenue sources has resulted in some overall revenue declines during the past 12 months.

### **FY18 outlook and commitment to the future**

With a strengthened balance sheet post the successful \$7.5 million IPO capital raising, our focus in 2018 is to rapidly grow demand for the Simble Energy Platform in Australia and the UK.

We aim to achieve this through channel partnerships, which is the foundation of our sales strategy. We are currently undergoing and negotiating a number of Proof of Concepts (POC) trials with prospective channel partners, including a major Australian telco, where we see excellent potential to convert into longer-term relationships. We view channel partnerships as the most efficient way to rapidly grow Simble's user base and thereby promote more sustainable business practices.

Lastly, I am extremely proud and honoured that Simble, as part of a broad coalition of over 50 companies, has signed a public pledge to further our commitment to achieving a low carbon economy. This aligns with Simble's goals of empowering businesses to thrive and in turn helping shape a sustainable world. We believe that technology and innovation are the keys to utilising our resources more efficiently.

I thank all of our shareholders for your continued support and look forward to updating our developments with you all.

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

Fadi Geha  
Chief Executive Officer  
29 March 2018

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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 year ended 31 December 2017.

### 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)	Appointed 8 December 2017
David Lawrence Astill	
Fadi Geha	
Phillip Said Shamieh	

### Principal activities

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

### Dividends

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

### Review of operations

The loss for the Group after providing for income tax amounted to \$7,644,078 (six months ended 31 December 2016: \$1,660,422).

Simble Solutions Limited was admitted to the official list of the Australian Securities Exchange ('ASX') on 22 February 2018, under the ASX code SIS. Under the Initial Public Offering ('IPO') the Company issued 37,500,000 ordinary shares, raising \$7.5 million before costs.

During the 2017 financial year, significant capital investments have been made upgrading solution suites to more closely align them with the volume-based sales infrastructure of existing and prospective channel partners. A material focus on these resources was the Simble Energy Platform - an Internet of Things ('IOT') enabled control and visualisation tool, designed for businesses to reduce and manage their energy consumption.

The results for the year ended 31 December 2017 were impacted by several non-recurring items attributable to the IPO. Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') is a key measurement used by management and the board to assess and review business performance, and accordingly the table below provides a reconciliation between statutory net loss and underlying EBITDA.

	<b>Consolidated Year to 31 Dec 2017 \$</b>
Loss after income tax benefit	(7,644,078)
Add back:	
Net interest paid	409,669
Tax	(215,980)
Depreciation	22,400
Amortisation	974,183
Statutory EBITDA	(6,453,806)
Add non-recurring items:	
Share-based payments expense relating to Performance Shares *	2,751,000
IPO expenses **	447,281
Fair value adjustment on convertible notes ***	1,071,241
Underlying EBITDA	<u>(2,184,284)</u>

- \* The share-based payment expense relates to the issue of the performance shares to the vendors and management team.
- \*\* IPO expenses represent costs associated with the listing of Simble Solutions Limited on the ASX.
- \*\*\* Fair value adjustment on convertible notes represent the adjustment to the fair value of the convertible notes in line with their conversion to ordinary shares.

The financial information in the table above has been derived from the audited financial statements. The underlying EBITDA is non-IFRS financial information and as such has not been audited in accordance with Australian Accounting Standards.

#### Significant changes in the state of affairs

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

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

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

No other matter or circumstance has arisen since 31 December 2017 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

Integration of entities acquired from the Incipient Capital Limited and Acresta Sub-Group transactions is expected to remain a focus for the business. As part of the integration process, Simble is undertaking a strategic review of each of these entities, hence we do not consider historic financial results to be an accurate indicator of the Company's future financial performance.

#### Environmental regulation

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

#### Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, Simble Solutions Limited advises that the 2018 Annual General Meeting of the Company will be held on Tuesday, 15 May 2018 at 10:00 AM (AEST), at the offices of Boardroom Pty Ltd, Level 12, 225 George St., Sydney NSW 2000. Shareholders are invited to attend and participate at the meeting.

### Information on directors

**Name:** Philip Tye  
**Title:** Non-Executive Director and Chairman (appointed 8 December 2017)  
**Qualifications:** Bachelor of Science degree from the University of Essex, Senior Fellow Member and Director of The Hong Kong Securities and Investment Institute, Fellow Member of the Hong Kong Institute of Directors, Member of the Institute of Chartered Accountants in England & Wales and Member of the Australian Institute of Company Directors  
**Experience and expertise:** Philip has been involved in the Asian capital markets for over 20 years, having most recently established HFL Advisors Limited as a platform to provide independent directorship and advisory services to various corporates and alternative investment funds. He is a leading figure in the Asian hedge fund industry as member of the AIMA Global Council and immediate past Chair of the AIMA Hong Kong Chapter. Philip built and ran DragonBack Capital, a multi-strategy hedge fund manager and then hedge fund platform based in Hong Kong, between 2007 and 2012. At DragonBack he was responsible for all non-trading aspects of the hedge fund business, with particular oversight over risk control, compliance, operations, financial control and IT. Philip has held various senior roles since he moved to Hong Kong with KPMG. He was CFO and Director for PMA Investment Advisors, a Director at Credit Suisse (where his roles included Prime Brokerage sales, COO for NJA Cash Equities and Head of the Strategic Projects Group for the regional finance department), and he also worked at KPMG focusing on banking and securities companies across the region. Philip is a member of the Listing Committee of the Hong Kong Stock Exchange.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Chairman, Audit Committee, Remunerations Committee  
**Interests in shares:** None

**Name:** David Lawrence Astill  
**Title:** Non-Executive Director  
**Qualifications:** Bachelor of Laws from the Queensland University of Technology and Member of the Australian Institute of Company Directors  
**Experience and expertise:** David is a Legal Practitioner Director of the Astill Legal Group which has been in operation for over forty years and retains active panel appointments with major banks and corporations in Australia. During the last ten years David has built a Corporate Advisory and Governance practice and has provided advice on strategic matters, project planning and management for major transactions. David's experience extends to capital markets, mergers and acquisitions and corporate restructuring, and he has acted on transactions and capital raisings (equity and debt) across various sectors for many listed and unlisted companies in Australia. David has range of clientele ranging from banking and financial institutions, mortgage trusts, property and development corporations, and individuals who he advises in relation to a wide range of commercial and corporate issues and shareholder contests (including managing related litigation). David is admitted as a solicitor of the Supreme Court of Queensland and High Court of Australia.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of the Remuneration and Nomination Committee and Audit and Risk Committee  
**Interests in shares:** 216,030 ordinary shares (indirectly)



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

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: Audit Committee, Remunerations Committee  
Interests in shares: 620,833 ordinary shares (directly), 11,386,252 ordinary shares (indirectly) and 18,000,000 performance shares (indirectly)

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

Other current directorships: Director of Greenvale Energy Ltd (ASX: GRV)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 104,167 ordinary shares (directly), 5,532,110 ordinary shares (indirectly) and 18,000,000 performance shares (indirectly)

'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.

'Interests in shares' above are disclosed up to signing date and include shares issued as part of the Initial Public Offering post 31 December 2017.

### Company secretary

Tharun Kappanda is the Company Secretary. Tharun is a lawyer with a Graduate Diploma in Legal Practice, Bachelor of Business & Commerce (Accounting), and Bachelor of Laws. Prior to joining Boardroom Pty Limited, Tharun worked at a national law firm in their Corporate Advisory team and within an in-house legal team at a private equity house. His secretarial experience includes acting for ASX listed, dual listed and unlisted entities. Tharun has been involved in the listing of a number of entities on ASX, as well as advising entities in relation to the listing rules and the Corporations Act. Tharun has managed the corporate secretarial functions of ASX listed technology, gaming and mining companies and large unlisted public companies. He also provides transaction support as an advisor including secretary of due-diligence and project committees. Tharun is a member of the Law Society of NSW and an Associate of the Governance Institute of Australia.

### Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2017, 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	1	1	-	-	-	-
David Lawrence Astill	6	6	-	-	-	-
Fadi Geha	6	6	-	-	-	-
Phillip Said Shamieh	6	6	-	-	-	-

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 remuneration report is set out under the following main headings:

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

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

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

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

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

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

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

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

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

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

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

#### *Non-executive directors remuneration*

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

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

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

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

#### *Executive remuneration*

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

The executive remuneration and reward framework has four components:

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

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

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

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

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

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

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

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

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

In addition, the Company has issued Performance Shares to Key Management Personnel, which are based on long term incentive measures, comprising Normalised EBITDA targets for the financials years ended 31 December 2018 and 31 December 2019.

For the year ended 31 December 2017, there was no link between the Group's performance and key management personnel remuneration. In the year ended 31 December 2017, loss per share was (\$31.32) cents.

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

#### *Use of remuneration consultants*

During the financial year ended 31 December 2017, the Group, through the Remuneration and Nomination Committee, engaged BDO to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') and long-term incentives ('LTI') programs. BDO were paid \$26,842 for these services.

During the financial year ended 31 December 2017, the Group also engaged BDO to review and report on the historical and financial information included into the Group's IPO prospectus. BDO were paid \$128,988 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Remuneration and Nomination Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board were presented with the draft findings of the consultant's report and satisfied themselves that all recommendations were made without undue influence.

#### **Details of remuneration**

##### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

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

- Philip Tye
- David Lawrence Astill
- Fadi Geha
- Phillip Said Shamieh

And the following persons:

- Mark Duke - Chief Financial Officer
- Bill Dimopoulos - Head of Sales and Marketing
- Kalana Navaratne - Head of Strategy

Due to the Company listing in February 2018, with no remuneration report required for the year ended 31 December 2016, no comparatives for the year ended 31 December 2016 have been disclosed.

Year to 31 Dec 2017	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 \$	
<i>Non-Executive Directors:</i>							
P Tye*	3,780	-	-	-	-	-	3,780
D Astill	40,000	-	-	-	-	-	40,000
<i>Executive Directors:</i>							
F Geha	147,333	-	9,511	19,916	4,001	124,167	304,928
P Shamieh	190,000	-	-	-	-	20,833	210,833
<i>Other Key Management Personnel:</i>							
M Duke	127,770	-	-	11,181	2,435	125,610	266,996
B Dimopoulos	185,335	-	4,955	18,746	3,174	91,394	303,604
K Navaratne	136,014	-	-	-	-	88,680	224,694
R Clarke**	62,961	-	-	6,017	-	3,125	72,103
	893,193	-	14,466	55,860	9,610	453,809	1,426,938

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

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

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

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

Name	Fixed remuneration Year to 31 Dec 2017	At risk - STI Year to 31 Dec 2017	At risk - LTI* Year to 31 Dec 2017
<i>Non-Executive Directors:</i>			
P Tye	100%	-	-
D Astill	100%	-	-
<i>Executive Directors:</i>			
F Geha	100%	-	-
P Shamieh	100%	-	-
<i>Other Key Management Personnel:</i>			
M Duke	59%	-	41%
B Dimopoulos	73%	-	27%
K Navaratne	63%	-	37%
R Clarke	100%	-	-

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

### **Service agreements**

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

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

Name: Phillip Shamieh  
Title: Executive Commercial Director  
Agreement commenced: 1 September 2016  
Term of agreement: No fixed term  
Details: Phillip may terminate the employment contract by giving 6 months notice. The Company may terminate Phillip's employment by giving 1 months notice. Remuneration of \$200,000, discretionary annual performance bonus and participation in Incentive Plan at discretion of the Board.

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

Before the employment agreement commencement date, Mark Duke had provided consulting services to the Group in total amount of \$46,188 from May to July 2017, included into 'Cash salary and fees' column.

Name: Bill Dimopoulos  
Title: Head of Sales and Marketing  
Agreement commenced: 21 September 2016  
Term of agreement: No fixed term  
Details: Either party may terminate the employment contract by giving 3 months notice to the other party. Remuneration of \$208,050 (inclusive of superannuation), with commission of up to \$40,000 upon achieving certain revenue targets and agreed bonus of \$20,000 on achieving KPI's.

Name: Kalana Navaratne  
Title: Head of Strategy  
Agreement commenced: 12 October 2016  
Term of agreement: No fixed term  
Details: Either party may terminate the employment contract by giving 3 months notice to the other party. Monthly fee of £8,000 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 2017.

**Additional information**

The earnings of the Group for the three years to 31 December 2017 are summarised below:

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

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

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

**Additional disclosures relating to key management personnel**

*Shareholding*

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

	Balance at the start of the year*	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
P Tye	-	-	-	-	-
D Astill	216,030	-	-	-	216,030
F Geha	9,042,502	-	-	-	9,042,502
P Shamieh	5,182,110	-	-	-	5,182,110
M Duke	-	-	-	-	-
B Dimopoulos	-	-	-	-	-
K Navaratne	-	-	-	-	-
	<u>14,440,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,440,642</u>

\* Stated after share split

*Convertible notes*

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

	Balance at the start of the year	Additions*	Balance at the end of the year*
Fadi Geha	-	2,343,750	2,343,750
Phillip Shamieh	-	-	-
Mark Duke	-	625,000	625,000
Bill Dimopoulos	-	-	-
Kalana Navaratne	-	-	-
	<u>-</u>	<u>2,968,750</u>	<u>2,968,750</u>

\* Stated after 5:1 split and conversion ratio

#### Salary sacrifice shares

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

	Balance at the start of the year	Issued during the year*	Balance at the end of the year*
Fadi Geha	-	620,833	620,833
Phillip Shamieh	-	104,167	104,167
Mark Duke	-	76,050	76,050
Bill Dimopoulos	-	42,969	42,969
Kalana Navaratne	-	29,401	29,401
	-	873,420	873,420

\* Stated after 5:1 split

#### 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	Granted during the year	Balance at the end of the year
Mark Duke	-	1,600,000	1,600,000
Bill Dimopoulos	-	1,200,000	1,200,000
Kalana Navaratne	-	1,200,000	1,200,000
	-	4,000,000	4,000,000

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

The Performance Shares will convert to one fully paid ordinary share upon the Group achieving various EBITDA milestones for the years ended 31 December 2018 and 31 December 2019.

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

#### Loans to directors and executives

There were no loans transactions with directors or executives made during the year ended 31 December 2017.

#### Indemnity and insurance of officers

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

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

#### Indemnity and insurance of auditor

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

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

#### Proceedings on behalf of the Company

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



**Non-audit services**

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

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

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

**Auditor's independence declaration**

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

**Auditor**

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

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

On behalf of the directors



---

Fadi Geha  
Director

29 March 2018  
Sydney

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

29 March 2018

Dear Board Members

### Simble Solutions Limited

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

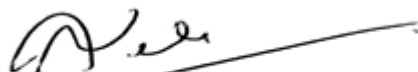
As lead audit partner for the audit of the financial statements of Simble Solutions Limited for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountant

For personal use only

Simble Solutions Limited and its controlled entities  
Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2017



		Consolidated	
	Note	Year to 31 Dec 2017 \$	Period from 1 Jul 2016 to 31 Dec 2016 \$
<b>Revenue</b>			
Revenue	5	2,273,646	595,132
Other income	6	439,597	158,622
		<u>2,713,243</u>	<u>753,754</u>
Cost of sales		(656,092)	(205,954)
Gross margin		<u>2,057,151</u>	<u>547,800</u>
<b>Expenses</b>			
Marketing		(132,745)	(162,550)
Administration	7	(5,374,438)	(1,496,816)
Other expenses	7	(3,993,522)	(493,211)
Finance costs	7	(416,504)	(69,450)
<b>Loss before income tax benefit</b>		(7,860,058)	(1,674,227)
Income tax benefit	8	215,980	13,805
<b>Loss after income tax benefit for the year/period attributable to the owners of Simble Solutions Limited</b>		(7,644,078)	(1,660,422)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(21,511)	(14,990)
Other comprehensive loss for the year/period, net of tax		(21,511)	(14,990)
<b>Total comprehensive loss for the year/period attributable to the owners of Simble Solutions Limited</b>		<u>(7,665,589)</u>	<u>(1,675,412)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	39	(31.32)	(7.72)
Diluted loss per share	39	(31.32)	(7.72)

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 2017



	Note	Consolidated 31 Dec 2017 \$	31 Dec 2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	45,303	275,064
Trade and other receivables	10	576,978	721,858
Loans receivable from related parties	11	-	19,691
Other	12	476,482	693,854
<b>Total current assets</b>		<u>1,098,763</u>	<u>1,710,467</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	13	30,415	38,059
Property, plant and equipment	14	58,237	73,075
Intangibles	15	5,535,332	4,711,483
Deferred tax	8	-	19,220
Other deposits		143,162	-
<b>Total non-current assets</b>		<u>5,767,146</u>	<u>4,841,837</u>
<b>Total assets</b>		<u>6,865,909</u>	<u>6,552,304</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	2,912,310	1,181,951
Accrued expenses		701,817	210,039
Borrowings	17	80,000	-
Income tax	8	88,367	146,849
Provisions	19	200,818	174,738
Other financial liabilities	18	4,750,332	1,880,729
Deferred revenue	20	885,288	942,438
<b>Total current liabilities</b>		<u>9,618,932</u>	<u>4,536,744</u>
<b>Non-current liabilities</b>			
Deferred tax	8	-	235,200
Provisions	21	81,180	74,024
<b>Total non-current liabilities</b>		<u>81,180</u>	<u>309,224</u>
<b>Total liabilities</b>		<u>9,700,112</u>	<u>4,845,968</u>
<b>Net assets/(liabilities)</b>		<u>(2,834,203)</u>	<u>1,706,336</u>
<b>Equity</b>			
Issued capital	22	4,200,100	100
Shares to be issued	23	-	4,200,000
Reserves	24	3,339,357	235,818
Accumulated losses		(10,373,660)	(2,729,582)
<b>Total equity/(deficiency)</b>		<u>(2,834,203)</u>	<u>1,706,336</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 2017



	Issued capital \$	Shares to be issued \$	Common control reserve \$	Reserves Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
<b>Consolidated</b>							
Balance at 1 July 2016	1	-	-	(28)	-	(1,069,160)	(1,069,187)
Loss after income tax benefit for the period	-	-	-	-	-	(1,660,422)	(1,660,422)
Other comprehensive loss for the period, net of tax	-	-	-	(14,990)	-	-	(14,990)
Total comprehensive loss for the period	-	-	-	(14,990)	-	(1,660,422)	(1,675,412)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 22)	99	-	-	-	-	-	99
Shares to be issued (note 23)	-	4,200,000	-	-	-	-	4,200,000
Common control transaction (note 24)	-	-	250,836	-	-	-	250,836
Balance at 31 December 2016	<u>100</u>	<u>4,200,000</u>	<u>250,836</u>	<u>(15,018)</u>	<u>-</u>	<u>(2,729,582)</u>	<u>1,706,336</u>

	Issued capital \$	Shares to be issued \$	Common control reserve \$	Reserves Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total deficiency in equity \$
<b>Consolidated</b>							
Balance at 1 January 2017	100	4,200,000	250,836	(15,018)	-	(2,729,582)	1,706,336
Loss after income tax benefit for the year	-	-	-	-	-	(7,644,078)	(7,644,078)
Other comprehensive loss for the year, net of tax	-	-	-	(21,511)	-	-	(21,511)
Total comprehensive loss for the year	-	-	-	(21,511)	-	(7,644,078)	(7,665,589)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares (note 34)	4,200,000	(4,200,000)	-	-	-	-	-
Share-based payments (note 7)	-	-	-	-	3,125,050	-	3,125,050
Balance at 31 December 2017	<u>4,200,100</u>	<u>-</u>	<u>250,836</u>	<u>(36,529)</u>	<u>3,125,050</u>	<u>(10,373,660)</u>	<u>(2,834,203)</u>

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

Simble Solutions Limited and its controlled entities  
Statement of cash flows  
For the year ended 31 December 2017



		Consolidated	
	Note	Year to 31 Dec 2017 \$	Period from 1 Jul 2016 to 31 Dec 2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,118,132	374,846
Payments to suppliers and employees (inclusive of GST)		<u>(2,835,642)</u>	<u>(1,486,012)</u>
		(717,510)	(1,111,166)
Interest received		6,835	7
Research and development tax offset recovered		381,406	158,622
Interest and other finance costs paid		(44,712)	(69,450)
Income taxes paid		<u>(58,482)</u>	<u>(5,810)</u>
Net cash used in operating activities	36	<u>(432,463)</u>	<u>(1,027,797)</u>
<b>Cash flows from investing activities</b>			
Cash acquired on acquisition of businesses	34	-	220,447
Payments for investments	13	(66,000)	(55,875)
Payments for property, plant and equipment	14	(7,562)	(134,043)
Payments for software development, net of research and development tax offsets		(1,651,091)	(542,472)
Payments for security deposits		-	(70,750)
Proceeds from disposal of investments		131,835	8,284
Proceeds from release of security deposits		<u>79,145</u>	<u>-</u>
Net cash used in investing activities		<u>(1,513,673)</u>	<u>(574,409)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	22	-	99
Proceeds from borrowings		80,000	-
Proceeds from issue of convertible notes	37	1,798,362	1,880,729
Proceeds from repayment of related party loans		19,691	-
Share issue costs		<u>(160,167)</u>	<u>-</u>
Net cash from financing activities		<u>1,737,886</u>	<u>1,880,828</u>
Net increase/(decrease) in cash and cash equivalents		(208,250)	278,622
Cash and cash equivalents at the beginning of the financial year/period		275,064	11,432
Effects of exchange rate changes on cash and cash equivalents		<u>(21,511)</u>	<u>(14,990)</u>
Cash and cash equivalents at the end of the financial year/period	9	<u><u>45,303</u></u>	<u><u>275,064</u></u>

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

## Note 1. General information

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

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

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

Level 12  
6-10 O'Connell 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.

Simble Solutions Limited changed its year end to 31 December. Accordingly, comparative information is for the six month period 1 July 2016 to 31 December 2016.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 March 2018. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

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

### New or amended Accounting Standards and Interpretations adopted

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

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

### Working capital deficiency

The statement of profit or loss and other comprehensive income for the year ended 31 December 2017 reflects a consolidated Group loss of \$7,644,078 (Six months ended 31 December 2016: \$1,660,422) and the statement of financial position reflects an excess of current liabilities over current assets of \$8,520,169 (Six months ended 31 December 2016: \$2,826,277). The statement of cash flows reflects net cash outflows from operations of \$432,463 (Six months ended 31 December 2016: \$1,027,797).

Subsequent to the year end, after a successful Initial Public Offering, the Group raised capital of \$7,500,000 before costs. In addition, the convertible notes included in current liabilities at \$4,750,332 were converted into ordinary shares.

### 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 available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

## Note 2. Significant accounting policies (continued)

### *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.

### **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 33.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Simble Solutions Limited ('Company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the year then ended. Simble Solutions Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

### **Operating segments**

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

### **Foreign currency translation**

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

### *Foreign currency transactions*

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

### *Foreign operations*

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

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



## Note 2. Significant accounting policies (continued)

### Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Rendering of services*

Revenue from the rendering of services is recognised on a straight-line basis over the period that services are provided.

Consulting revenue is recognised by reference to completion of deliverables.

#### *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.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

#### *Research and development tax refund*

The consolidated entity 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 consolidated entity 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.

## Note 2. Significant accounting policies (continued)

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.

### 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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### 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. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

### Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

## Note 2. Significant accounting policies (continued)

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

### Property, plant and equipment

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

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

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

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

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

### Intangible assets

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

#### *Goodwill*

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

#### *Customer contracts*

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

#### *Software*

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

### Research and development costs

Research expenditure is recognised as an expense when incurred.

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

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

## Note 2. Significant accounting policies (continued)

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

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### 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.

## Note 2. Significant accounting policies (continued)

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.

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.

## Note 2. Significant accounting policies (continued)

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.

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.

### Comparative information

The Group changed its year end to 31 December 2016. Accordingly, prior year comparative results and cash flows are for the six months ended 31 December 2016.

## Note 2. Significant accounting policies (continued)

### 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 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is not expected to result in a material impact on the financial statements.

#### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group will adopt this standard from 1 January 2018. The Group has undertaken an analysis of the potential impact on each revenue stream. No material differences have been identified between AASB 118, the current revenue standard, and AASB 15.

#### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

## 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 5 years.

## Note 4. Operating segments

#### *Identification of reportable operating segments*

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

#### Note 4. Operating segments (continued)

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

##### Major customers

During the year, there were no customers of the Group which contributed more than 10% or more of external sales (2016: nil).

##### Geographical information

	<b>Sales to external customers</b>	
	<b>Year to 31 Dec 2017</b>	<b>Period from 1 Jul 2016 to 31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Australia	2,150,245	506,799
United Kingdom	26,588	-
New Zealand	73,524	10,414
	<u>2,250,357</u>	<u>517,213</u>

#### Note 5. Revenue

	<b>Consolidated</b>	
	<b>Year to 31 Dec 2017</b>	<b>Period from 1 Jul 2016 to 31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Software and other services	2,250,357	517,213
Interest	6,835	7
Rent	-	35,525
Other revenue	16,454	42,387
	<u>2,273,646</u>	<u>595,132</u>

#### Note 6. Other income

	<b>Consolidated</b>	
	<b>Year to 31 Dec 2017</b>	<b>Period from 1 Jul 2016 to 31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of investments	58,191	-
Research and development tax offset	381,406	158,622
	<u>439,597</u>	<u>158,622</u>



Note 7. Expenses

	Consolidated Year to 31 Dec 2017 \$	Period from 1 Jul 2016 to 31 Dec 2016 \$
Loss before income tax includes the following specific expenses:		
<i>Administration</i>		
Minimum lease payments	403,738	159,348
Employee benefits expense	1,029,018	683,385
Employee benefits expense - share-based payment	650,050	-
Superannuation	179,617	78,009
Depreciation	22,400	72,498
Amortisation	974,183	360,559
General administration and other	2,115,432	143,017
Total administration	<u>5,374,438</u>	<u>1,496,816</u>
<i>Other expenses</i>		
Share-based payment expense relating to Performance Shares	2,475,000	-
Initial Public Offering expenses	447,281	403,355
Fair value adjustment on convertible notes	1,071,241	-
Loss on disposal of investments	-	17,817
Other expenses	-	72,039
Total other expenses	<u>3,993,522</u>	<u>493,211</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>416,504</u>	<u>69,450</u>

Note 8. Income tax

	Consolidated Year to 31 Dec 2017 \$	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$
<i>Income tax benefit</i>		
Current tax	-	2,995
Deferred tax - origination and reversal of temporary differences	(215,980)	(16,800)
Aggregate income tax benefit	<u>(215,980)</u>	<u>(13,805)</u>
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax assets	19,220	-
Decrease in deferred tax liabilities	(235,200)	(16,800)
Deferred tax - origination and reversal of temporary differences	(215,980)	(16,800)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(7,860,058)	(1,674,227)
Tax at the statutory tax rate of 27.5%	(2,161,516)	(460,412)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Fair value adjustment on conversion of convertible notes	294,591	-
Share-based payments	795,059	-
R&D tax offset	(142,524)	(43,621)
IPO costs	61,501	-
Losses in foreign jurisdictions	253,413	72,268
Current year tax losses not recognised	(899,476)	(431,765)
Current year timing difference not recognised	662,695	465,603
	20,801	(47,643)
Income tax benefit	<u>(215,980)</u>	<u>(13,805)</u>

	Consolidated 31 Dec 2017 \$	Consolidated 31 Dec 2016 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	1,161,084	498,389
Timing differences	(41,862)	(63,043)
Total deferred tax assets not recognised	<u>1,119,222</u>	<u>435,346</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.

**Note 8. Income tax (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Provision for income tax	88,367	146,849

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Cash at bank	45,303	275,064

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

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Trade receivables	365,472	402,017
Other receivables	14,345	4,455
Goods and services tax recoverable	43,927	15,097
Research and development tax offset recoverable	153,234	300,289
	<u>576,978</u>	<u>721,858</u>

*Impairment of receivables*

The Group has recognised a recovery of \$7,480 (31 December 2016: loss of \$9,411) in profit or loss in respect of impairment of receivables for the year ended 31 December 2017.

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$101,677 as at 31 December 2017 (\$132,233 as at 31 December 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
0 to 30 days overdue	12,153	49,597
30 to 60 days overdue	22,000	35,616
60 to 90 days overdue	11,432	44,792
Over 90 days overdue	56,092	2,228
	<u>101,677</u>	<u>132,233</u>

**Note 11. Current assets - loans receivable from related parties**

	Consolidated 31 Dec 2017	31 Dec 2016
	\$	\$
Directors	-	19,691

**Note 12. Current assets - other**

	Consolidated 31 Dec 2017	31 Dec 2016
	\$	\$
Prepayments	294,442	449,674
Security deposits	21,873	70,750
Other deposits	-	173,430
Other current assets	160,167	-
	<u>476,482</u>	<u>693,854</u>

Other current assets comprise share issue costs associated with the IPO of \$160,167. These costs will be transferred to equity and netted against issued capital at the IPO date.

**Note 13. Non-current assets - available-for-sale financial assets**

	Consolidated 31 Dec 2017	31 Dec 2016
	\$	\$
Listed investments	<u>30,415</u>	<u>38,059</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:		
Opening fair value	38,059	-
Additions	66,000	55,875
Disposals	(73,644)	(8,284)
Impairment of assets	-	(9,532)
Closing fair value	<u>30,415</u>	<u>38,059</u>

Refer to note 27 for further information on fair value measurement.

**Note 14. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	48,087	48,087
Less: Accumulated depreciation	(10,743)	(1,119)
	<u>37,344</u>	<u>46,968</u>
Motor vehicles - at cost	-	56,957
Less: Accumulated depreciation	-	(56,957)
	<u>-</u>	<u>-</u>
Computer equipment - at cost	14,957	12,513
Less: Accumulated depreciation	(12,431)	(9,435)
	<u>2,526</u>	<u>3,078</u>
Office equipment - at cost	33,134	28,016
Less: Accumulated depreciation	(14,767)	(4,987)
	<u>18,367</u>	<u>23,029</u>
	<u><u>58,237</u></u>	<u><u>73,075</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Leasehold improvements \$</b>	<b>Motor vehicles \$</b>	<b>Computer equipment \$</b>	<b>Office equipment \$</b>	<b>Total \$</b>
Balance at 1 July 2016	-	-	772	-	772
Additions	48,087	56,957	983	28,016	134,043
Additions through business combinations (note 34)	-	-	10,758	-	10,758
Depreciation expense	(1,119)	(56,957)	(9,435)	(4,987)	(72,498)
Balance at 31 December 2016	46,968	-	3,078	23,029	73,075
Additions	-	-	2,444	5,118	7,562
Depreciation expense	(9,624)	-	(2,996)	(9,780)	(22,400)
Balance at 31 December 2017	<u><u>37,344</u></u>	<u><u>-</u></u>	<u><u>2,526</u></u>	<u><u>18,367</u></u>	<u><u>58,237</u></u>

**Note 15. Non-current assets - intangibles**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	1,671,578	1,671,578
Trademarks - at cost	8,552	8,666
Customer relationships - at cost	840,000	840,000
Less: Accumulated amortisation	(224,000)	(56,000)
	<u>616,000</u>	<u>784,000</u>
Software development - at cost	4,421,049	2,551,798
Less: Accumulated amortisation	(1,181,847)	(304,559)
	<u>3,239,202</u>	<u>2,247,239</u>
	<u><u>5,535,332</u></u>	<u><u>4,711,483</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Goodwill</b>	<b>Trademarks</b>	<b>Customer relationships</b>	<b>Software development</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2016	-	-	-	-	-
Additions	-	8,666	-	533,806	542,472
Additions through business combinations (note 34)	1,671,578	-	840,000	2,017,992	4,529,570
Amortisation expense	-	-	(56,000)	(304,559)	(360,559)
Balance at 31 December 2016	1,671,578	8,666	784,000	2,247,239	4,711,483
Additions*	-	-	-	1,798,146	1,798,146
Write off of assets	-	(114)	-	-	(114)
Amortisation expense	-	-	(168,000)	(806,183)	(974,183)
Balance at 31 December 2017	<u>1,671,578</u>	<u>8,552</u>	<u>616,000</u>	<u>3,239,202</u>	<u>5,535,332</u>

\* Net of R&D incentive received for development activities

*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. The value-in-use calculations use cash flow projections covering a 5 year period.

Key assumptions used for value -in-use calculations:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>%</b>	<b>%</b>
Discount rate	17.5%	16.5%
Terminal rate	2.5%	2.5%

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

The Directors estimate that if forecast EBITDA reflected in the cash flow model were to decrease by 5%, it would result in the carrying value of the cash generating unit exceeding the recoverable amount by \$101,000.

**Note 16. Current liabilities - trade and other payables**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Trade payables	1,060,816	787,339
Other payables	1,851,494	394,612
	<u>2,912,310</u>	<u>1,181,951</u>

Refer to note 26 for further information on financial instruments.

**Note 17. Current liabilities - borrowings**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Loan payable - unsecured	<u>80,000</u>	<u>-</u>

Refer to note 26 for further information on financial instruments.

The loan payable is short term and carries interest at 10% per annum. The loan is due to be repaid on the date of the IPO.

**Note 18. Current liabilities - other financial liabilities**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Convertible notes - at fair value (refer to note 37)	<u>4,750,332</u>	<u>1,880,729</u>

Each convertible note is convertible to ordinary shares in the Company at 20% discount to face value on the occurrence of a liquidity event, including an IPO. Conversion had to occur by 28 February 2018. If the convertible notes were not converted by 28 February 2018, they would be redeemed at face value or converted to ordinary shares in accordance with a specified formula. The convertible notes bear interest at 14% p.a.

Pursuant to the IPO on 22 February 2018, the convertible notes were converted to 23,751,656 ordinary shares.

The convertible notes are stated at fair value, with the difference between the carrying value and the fair value being recorded as an expense.

Given the proximity between the year end and the conversion date the fair value was based on the conversion ratio and the IPO share issue price of 20 cents.

**Note 19. Current liabilities - provisions**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Employee benefits	117,736	125,126
Deferred lease incentives	83,082	49,612
	<u>200,818</u>	<u>174,738</u>

**Note 20. Current liabilities - deferred revenue**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Deferred revenue	885,288	942,438
	<u>885,288</u>	<u>942,438</u>

**Note 21. Non-current liabilities - provisions**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Employee benefits	81,180	74,024
	<u>81,180</u>	<u>74,024</u>

**Note 22. Equity - issued capital**

	Consolidated			
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	24,406,218	100	4,200,100	100
	<u>24,406,218</u>	<u>100</u>	<u>4,200,100</u>	<u>100</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 January 2016	1		1
Issue of shares	July 2016	99	\$1.00	99
Balance	31 December 2016	100		100
Issue of Completion Shares (refer note 34)		4,200,000	\$1.00	4,200,000
Share split	December 2017	20,206,118	\$0.00	-
Balance	31 December 2017	<u>24,406,218</u>		<u>4,200,100</u>

*Ordinary shares*

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

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

*Share buy-back*

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



## Note 22. Equity - issued capital (continued)

### 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 2016 Annual Report.

## Note 23. Equity - shares to be issued

Consolidated	
31 Dec 2017	31 Dec 2016
\$	\$

Shares to be issued to vendors of Acresta Sub-Group (refer note 34)

-	4,200,000
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## Note 24. Equity - reserves

Consolidated	
31 Dec 2017	31 Dec 2016
\$	\$

Foreign currency translation reserve	(36,529)	(15,018)
Share-based payments reserve	3,125,050	-
Common control reserve	250,836	250,836

<u>3,339,357</u>	<u>235,818</u>
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### 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 Simple 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 25. Equity - dividends

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

## Note 26. Financial instruments

### **Financial risk management objectives**

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

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

### **Market risk**

#### *Foreign currency risk*

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

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

#### *Price risk*

The Group is not exposed to any significant price risk.

#### *Interest rate risk*

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

### **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 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 26. 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.

<b>Consolidated - 31 Dec 2017</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,060,816	-	-	-	1,060,816
Other payables	-	1,851,494	-	-	-	1,851,494
<i>Interest-bearing - fixed rate</i>						
Convertible notes	14.00%	4,238,057	-	-	-	4,238,057
Loan payable	10.00%	80,258	-	-	-	80,258
<b>Total non-derivatives</b>		<b>7,230,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,230,625</b>

<b>Consolidated - 31 Dec 2016</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	787,339	-	-	-	787,339
Other payables	-	394,612	-	-	-	394,612
<i>Interest-bearing - fixed rate</i>						
Convertible notes	14.00%	2,144,031	-	-	-	2,144,031
<b>Total non-derivatives</b>		<b>3,325,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,325,982</b>

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

## Note 27. 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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 31 Dec 2017</b>				
<i>Assets</i>				
Listed investments - available-for-sale	30,415	-	-	30,415
Total assets	30,415	-	-	30,415
<i>Liabilities</i>				
Convertible notes	-	-	4,750,332	4,750,332
Total liabilities	-	-	4,750,332	4,750,332

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 31 Dec 2016</b>				
<i>Assets</i>				
Listed investments - available-for-sale	38,059	-	-	38,059
Total assets	38,059	-	-	38,059
<i>Liabilities</i>				
Convertible notes	-	-	1,880,729	1,880,729
Total liabilities	-	-	1,880,729	1,880,729

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:

	Convertible notes \$
<b>Consolidated</b>	
Balance at 1 July 2016	-
Additions	1,880,729
Balance at 31 December 2016	1,880,729
Additions	1,798,362
Fair value adjustment	1,071,241
Balance at 31 December 2017	<u>4,750,332</u>

## Note 28. 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 Year to 31 Dec 2017 \$	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$
Short-term employee benefits	907,659	296,051
Post-employment benefits	55,860	15,898
Long-term benefits	9,610	-
Share-based payments	453,809	-
	<u>1,426,938</u>	<u>311,949</u>

## Note 29. Remuneration of auditors

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

	Consolidated Year to 31 Dec 2017 \$	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	<u>100,000</u>	<u>42,000</u>

There were no other services performed by the auditor during the year ended 31 December 2017.

## Note 30. Contingent liabilities

The Group has no contingent liabilities at 31 December 2017 and 31 December 2016.

## Note 31. Commitments

	Consolidated 31 Dec 2017 \$	Consolidated 31 Dec 2016 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	249,953	361,872
One to five years	831,917	955,766
	<u>1,081,870</u>	<u>1,317,638</u>

## Note 32. Related party transactions

### Parent entity

Simple Solutions Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 35.

**Note 32. Related party transactions (continued)**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

*Receivable from and payable to related parties*

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Current payables:		
Payable to Philip Shamieh, director	113,333	-

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Current receivables:		
Loan receivable from Fadi Geha, Director	-	19,691
Current borrowings:		
Loan payable to DRHM Pty Limited, shareholder	80,000	-

*Terms and conditions*

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

**Note 33. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>Year to 31</b>	<b>Period from</b>
	<b>Dec 2017</b>	<b>1 Jul 2016 to</b>
	\$	<b>31 Dec 2016</b>
	\$	\$
Loss after income tax	(9,119,989)	(532,982)
Total comprehensive loss	(9,119,989)	(536,535)

**Note 33. Parent entity information (continued)**

*Statement of financial position*

	Parent	
	31 Dec 2017	31 Dec 2016
	\$	\$
Total current assets	198,547	2,101,468
Total assets	5,134,311	6,366,331
Total current liabilities	7,972,779	3,217,016
Total liabilities	8,053,959	3,291,040
Equity		
Issued capital	4,200,100	100
Shares to be issued	-	4,200,000
Share-based payments reserve	3,125,050	-
Accumulated losses	(10,244,798)	(1,124,809)
Total equity/(deficiency)	<u>(2,919,648)</u>	<u>3,075,291</u>

*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 2017 and 31 December 2016.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2017 and 31 December 2016.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2017 and 31 December 2016.

*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 34. Business combinations**

**2017**

There were no business combinations during the year ended 31 December 2017.

**2016**

*Acquisition of Simble Group entities*

During July 2016, Simble Solutions Limited acquired 100% of the share capital in each of Simble Solutions IP Pty Limited, Simble Holdings (Hong Kong) Ltd and Incipient IT (Vietnam) Company Ltd for \$1 each. The shares in each of these entities were previously owned by Simble Corporate Limited, or its holding company, Incipient Capital Limited. Simble Solutions Limited was 100% owned by Simble Corporate Limited, and the transfer of shares was considered as a business combination of entities under common control. Accordingly, the directors elected for the respective assets and liabilities of the entities acquired to be recognised at book value as at the date of acquisition.

**Note 34. Business combinations (continued)**

*Acquisition of Acresta Sub-Group*

On 1 September 2016, Simble Solutions Limited acquired 100% of the share capital of Simble Mobility Pty Ltd, Simble Energy Pty Ltd, Acresta Innovations Pty Ltd, Simble Solutions (NZ) Limited, Acresta Digital Pty Limited and Simble Solutions (UK) Limited (jointly the Acresta Sub-Group) for consideration to be settled by the issue of a number of shares that represent 43% interest of Simble Solutions Limited's issued capital at the time of the acquisition ('Completion Shares'). The Completion Shares were issued and converted to ordinary shares during the year.

Goodwill of \$1,671,578 represents the residual value of the purchase price of the Acresta Sub-Group over the fair value of identifiable tangible and intangible assets acquired.

Details of the acquisition are as follows:

	Acresta Sub- Group Fair value \$
Cash and cash equivalents	220,447
Trade and other receivables	443,658
Prepayments	562,116
Other current assets	458,438
Property, plant and equipment	10,758
Software development costs	2,017,992
Customer relationships	840,000
Deferred tax asset	19,220
Other non-current assets	7,377
Trade and other payables	(524,640)
Provision for income tax	(149,664)
Deferred tax liability	(252,000)
Employee benefits	(115,366)
Deferred revenue	(1,009,914)
Net assets acquired	2,528,422
Goodwill	1,671,578
Acquisition-date fair value of the total consideration transferred	<u>4,200,000</u>
Representing:	
Simble Solutions Limited Completion Shares issued to vendor	<u>4,200,000</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,200,000
Less: cash and cash equivalents acquired	(220,447)
Less: shares to be issued by Company as part of consideration	<u>(4,200,000)</u>
Net cash received	<u>(220,447)</u>

*Wise Owl Holdings Pty Limited*

On 8 November 2016, Simble Solutions Limited acquired 100% interest in Wise Owl Holdings Pty Limited, a newly incorporated entity, for \$1.



### Note 35. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2017 %	31 Dec 2016 %
Acresta Digital Pty Limited	Australia	100.00%	100.00%
Acresta Innovations Pty Limited	Australia	100.00%	100.00%
Simble Energy Pty Limited	Australia	100.00%	100.00%
Simble Holdings (Hong Kong) Limited	Hong Kong	100.00%	100.00%
Simble Holdings Pty Limited	Australia	100.00%	100.00%
Simble International Electronics LLC	Dubai	100.00%	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%

### Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated Year to 31 Dec 2017 \$	Consolidated Period from 1 Jul 2016 to 31 Dec 2016 \$
Loss after income tax benefit for the year/period	(7,644,078)	(1,660,422)
Adjustments for:		
Depreciation and amortisation	996,583	433,057
Impairment of investments	-	9,532
Write off of intangibles	114	-
Net gain on disposal of available-for-sale financial assets	(58,191)	-
Share-based payments	3,125,050	-
Forgiveness of loans payable	-	(783,958)
Fair value adjustment on convertible notes	1,071,241	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	157,992	(143,392)
Decrease in deferred tax assets	19,220	-
Decrease/(increase) in prepayments	(4,935)	114,241
Decrease in other operating assets	-	353,235
Increase in trade and other payables	1,819,713	551,561
Decrease in provision for income tax	(58,482)	(2,815)
Decrease in deferred tax liabilities	(235,200)	(16,800)
Increase/(decrease) in employee benefits	(234)	83,784
Increase in other provisions	33,470	49,612
Increase/(decrease) in other operating liabilities	345,274	(15,432)
Net cash used in operating activities	<u>(432,463)</u>	<u>(1,027,797)</u>

### Note 37. Changes in liabilities arising from financing activities

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

<b>Consolidated</b>	Convertible notes (note 18) \$	Borrowings (note 17) \$	Total \$
Balance at 1 July 2016	-	-	-
Net cash from financing activities	1,880,729	-	1,880,729
Balance at 31 December 2016	1,880,729	-	1,880,729
Net cash from financing activities	1,798,362	80,000	1,878,362
Changes in fair values	1,071,241	-	1,071,241
Balance at 31 December 2017	<u>4,750,332</u>	<u>80,000</u>	<u>4,830,332</u>

### Note 38. Share-based payments

#### Performance shares

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

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

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

\* Issued to Vendors

\*\* Issued to management

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

### Note 38. Share-based payments (continued)

#### Salary sacrifice shares

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

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

#### Incentive Option and Performance Rights Plan

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

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

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

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

### Note 39. Loss per share

	Consolidated Year to 31 Dec 2017 \$	Period from 1 Jul 2016 to 31 Dec 2016 \$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(7,644,078)</u>	<u>(1,660,422)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	<u>24,406,218</u>	<u>21,503,752</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>24,406,218</u>	<u>21,503,752</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(31.32)	(7.72)
Diluted loss per share	(31.32)	(7.72)

Basic and diluted loss per share for the period ended 31 December 2016 have taken into account the issue of the Completion Shares and the share split that occurred during the current financial year.

The impact of the convertible notes, the Performance Shares and the Salary Sacrifice Shares have been excluded from the calculations of the weighted average number of shares in the calculation of the loss per share as they are anti-dilutive.

### Note 40. Events after the reporting period

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

No other matter or circumstance has arisen since 31 December 2017 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 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



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Fadi Geha  
Director

29 March 2018  
Sydney

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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Simple Solutions Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

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

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

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Capitalisation and carrying value of development costs</i></p> <p>As at 31 December 2017, the Group had capitalised developments costs totalling \$3.24m as disclosed in Note 15.</p> <p>The Group capitalises certain costs that are directly attributable to the development of intangible assets.</p> <p>As set out in Note 3, significant judgement is involved in assessing:</p> <ul style="list-style-type: none"> <li>the appropriateness of the costs that can be capitalised and whether these costs were directly attributable to relevant products developed; and</li> <li>the extent to which these capitalised development costs will generate sufficient economic benefit to support their carrying values.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Discussing the products for which development costs have been capitalised with management, to develop an understanding of the nature and feasibility of the products;</li> <li>Assessing costs capitalised with reference to internal documentation, including, on a sample basis, agreeing payroll costs capitalised to supporting payroll and time records, and cost allocation calculations; and</li> <li>Evaluating the appropriateness of the carrying value of the capitalised development costs by major product, with reference to historical and forecast cash flows, and analysis of sales trends.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 15 to the consolidated financial statements.</p>
<p><i>Impairment of goodwill and other intangible assets</i></p> <p>As at 31 December 2017, the Group recognised goodwill of \$1.67m, customer relationships of \$0.62m and trademarks of \$0.09m as a result of business combinations which took place in 2016 as disclosed in Note 34.</p> <p>The directors have concluded that there is no impairment in respect of the goodwill and other intangible assets as at 31 December 2017. This conclusion was based on a value in use model that, as set out in Note 3, required the exercise of significant judgement with respect to:</p> <ul style="list-style-type: none"> <li>the discount rate;</li> <li>future growth rates, and</li> <li>the expected cash flows.</li> </ul> <p>The estimated values in use can vary greatly as the involved assumptions change, and changes in these assumptions can result in an impairment of goodwill and other intangible assets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the reasonableness of key assumptions based on our knowledge of the business and industry of the Group;</li> <li>Testing source data to supporting evidence on a sample basis, such as approved budgets and available market data and considering the reasonableness of these budgets;</li> <li>Confirming the mathematical accuracy of the underlying calculations;</li> <li>Engaging our valuation specialists to assist with: <ul style="list-style-type: none"> <li>Comparing the discount rate utilised by management to an independently calculated discount rate;</li> <li>Performing sensitivity analysis on the growth and discount rates.</li> </ul> </li> </ul> <p>We also assessed the appropriateness of the disclosures in Note 15 to the consolidated financial statements.</p>

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2017, but does not include the financial report and our auditor’s report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 9 to 15 of the Directors' Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Simble Solutions Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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



DELOITTE TOUCHE TOHMATSU



Alfred Nehama  
Partner  
Chartered Accountants  
Sydney, 29 March 2018



The shareholder information set out below was applicable as at 25 March 2018.

### Distribution of equitable securities

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

	Number of holders of ordinary shares	Total shares
1,001 to 5,000	3	9,195
5,001 to 10,000	122	1,220,000
10,001 to 100,000	224	7,605,621
100,001 and over	74	81,080,184
	<u>423</u>	<u>89,915,000</u>
Holding less than a marketable parcel	<u>-</u>	<u>-</u>

### Equity security holders

*Twenty largest quoted equity security holders*

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

	Ordinary shares % of total shares issued
	Number held
THMG Holdings Pty Ltd (THMG A/C)	11,386,252
Velasco S.A	5,468,750
Citicorp Nominees Pty Limited	4,755,342
Merrill Lynch (Australia) Nominees Pty Limited	4,155,000
UBS Nominees Pty Ltd	3,436,363
J P Morgan Nominees Australia Limited	3,350,000
Morgan Stanley Australia Securities (Nominee) Pty Ltd (No 1 Account)	3,140,066
DRHM Pty Ltd (Durham Family A/C)	3,125,000
OB Capital Ltd	2,680,122
Incipient Capital Limited	2,601,825
BNP Paribas Nominees Pty Ltd (Global Prime Omni DRP)	2,563,888
Minosa Ltd	2,221,080
Orient Global Holding Pty Ltd (AI'N'All A/C)	2,000,000
Harvey Digby Pty Ltd	1,880,000
J P Morgan Nominees Australia Limited	1,875,000
Allied Resources Holdings Ltd	1,660,479
Piccolo Capital Corp	1,637,773
Mr Rod Trigwell	1,562,500
Consolidated Equity Partners LLC	1,076,987
Alan Williams	1,046,409
	<u>61,622,836</u>
	<u>68.53</u>

*Unquoted equity securities*

There are no unquoted equity securities.

### Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares % of total shares issued
Number held	
THMG Holdings Pty Ltd (THMG A/C)	11,386,252 12.66
Velasco S.A	5,468,750 6.08
Citicorp Nominees Pty Limited	4,755,342 5.29

### Voting rights

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

#### Ordinary shares

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

There are no other classes of equity securities.

### Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	30 July 2018	1,214,519
Ordinary shares	22 February 2020	19,094,546
Class A Performance Shares	22 February 2020	13,500,000
Class B Performance Shares	22 February 2020	22,500,000
Class C Performance Shares	16 February 2019	1,500,000
Class D Performance Shares	16 February 2019	2,500,000
		<u>60,309,065</u>

Directors	Philip Tye (Chairman) David Lawrence Astill Fadi Geha Phillip Said Shamieh
Company secretary	Tharun Kuppanda
Registered office	Suite 12, Level 12 6-10 O'Connell Street Sydney NSW 2000 Telephone: +61 2 8208 3366 Facsimile: +61 2 9279 0664
Principal place of business	Suite 12, Level 12 6-10 O'Connell Street Sydney NSW 2000
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Hogan Lovells Level 17 20 Martin Place Sydney NSW 2000
Stock exchange listing	Simble Solutions Limited shares are listed on the Australian Securities Exchange (ASX code: SIS)
Website	<a href="http://www.simblegroup.com">www.simblegroup.com</a>
Corporate Governance Statement	<p>The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.</p> <p>The Company's Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: <a href="https://simblegroup.com/investors/governance">https://simblegroup.com/investors/governance</a></p>