

1. Company details

Name of entity:	Simple Solutions Limited
ABN:	17 608 419 656
Reporting period:	For the year ended 31 December 2018
Previous period:	For the year ended 31 December 2017

2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the year ended 31 December 2018. The Accounting Standards were adopted using the modified retrospective approach and as such comparatives have not been restated.

			\$
Revenues from ordinary activities	down	13.5% to	2,354,725
Loss from ordinary activities after tax attributable to the owners of Simple Solutions Limited	up	1.0% to	(7,719,698)
Loss for the year attributable to the owners of Simple Solutions Limited	up	1.0% to	(7,719,698)

Dividends

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

Comments

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

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

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

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

**Consolidated
Unaudited
31 Dec 2018
\$**

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

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

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

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.54)</u>	<u>(34.29)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Simble Solutions Limited for the year ended 31 December 2018 is attached.

12. Signed



Signed _____

Date: 28 February 2019

Fadi Geha
Director
Sydney



Simble Solutions Limited and its controlled entities

ABN 17 608 419 656

Preliminary Financial Report - 31 December 2018

Simble Solutions Limited and its controlled entities
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31 December 2018



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



		Consolidated	
	Note	Unaudited	
		31 Dec 2018	31 Dec 2017
		\$	\$
Revenue			
Revenue		2,131,695	2,266,811
Cost of sales		<u>(947,308)</u>	<u>(656,092)</u>
Gross margin		<u>1,184,387</u>	<u>1,610,719</u>
Other income		214,314	439,597
Interest revenue calculated using the effective interest method		8,716	6,835
Reversal of impairment of receivables		-	7,480
Expenses			
Marketing		(296,135)	(132,745)
Administration	3	(6,962,260)	(5,381,918)
Impairment of goodwill		(820,000)	-
Impairment of receivables		(44,755)	-
Initial Public Offering expenses		(742,780)	(415,848)
Other expenses	3	-	(3,577,674)
Finance costs	3	<u>(261,185)</u>	<u>(416,504)</u>
Loss before income tax benefit		(7,719,698)	(7,860,058)
Income tax benefit		-	<u>215,980</u>
Loss after income tax benefit for the year attributable to the owners of Simble Solutions Limited		(7,719,698)	(7,644,078)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(81,790)</u>	<u>(21,511)</u>
Other comprehensive loss for the year, net of tax		<u>(81,790)</u>	<u>(21,511)</u>
Total comprehensive loss for the year attributable to the owners of Simble Solutions Limited		<u>(7,801,488)</u>	<u>(7,665,589)</u>
		Cents	Cents
Basic loss per share	9	(9.01)	(31.32)
Diluted loss per share	9	(9.01)	(31.32)

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

		Consolidated	
	Note	Unaudited 31 Dec 2018 \$	31 Dec 2017 \$
Assets			
Current assets			
Cash and cash equivalents	4	849,438	45,303
Trade and other receivables		589,164	576,978
Inventories		30,335	-
Financial assets at fair value through profit or loss		76,773	-
Other		325,675	476,482
Total current assets		<u>1,871,385</u>	<u>1,098,763</u>
Non-current assets			
Financial assets at fair value through profit or loss		-	30,415
Property, plant and equipment		46,349	58,237
Intangibles	5	3,906,538	5,535,332
Other deposits		143,162	143,162
Total non-current assets		<u>4,096,049</u>	<u>5,767,146</u>
Total assets		<u>5,967,434</u>	<u>6,865,909</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,235,649	3,697,209
Contract liabilities		831,273	885,288
Borrowings		-	80,000
Income tax		8,565	88,367
Provisions		123,569	117,736
Other financial liabilities	7	-	4,750,332
Deferred grant liabilities		94,591	-
Total current liabilities		<u>2,293,647</u>	<u>9,618,932</u>
Non-current liabilities			
Contract liabilities		179,322	-
Provisions		55,752	81,180
Deferred grant liabilities		94,591	-
Total non-current liabilities		<u>329,665</u>	<u>81,180</u>
Total liabilities		<u>2,623,312</u>	<u>9,700,112</u>
Net assets/(liabilities)		<u>3,344,122</u>	<u>(2,834,203)</u>
Equity			
Issued capital	8	18,553,963	4,200,100
Reserves		2,883,517	3,339,357
Accumulated losses		(18,093,358)	(10,373,660)
Total equity/(deficiency)		<u>3,344,122</u>	<u>(2,834,203)</u>

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

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



Consolidated	Issued capital \$	Shares to be issued \$	Common control reserve \$	Reserves Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total deficiency in equity \$
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 8)	4,200,000	(4,200,000)	-	-	-	-	-
Share-based payments	-	-	-	-	3,125,050	-	3,125,050
Balance at 31 December 2017	<u>4,200,100</u>	<u>-</u>	<u>250,836</u>	<u>(36,529)</u>	<u>3,125,050</u>	<u>(10,373,660)</u>	<u>(2,834,203)</u>

Consolidated - Unaudited	Issued capital \$	Shares to be issued \$	Common control reserve \$	Reserves Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2018	4,200,100	-	250,836	(36,529)	3,125,050	(10,373,660)	(2,834,203)
Loss after income tax expense for the year	-	-	-	-	-	(7,719,698)	(7,719,698)
Other comprehensive loss for the year, net of tax	-	-	-	(81,790)	-	-	(81,790)
Total comprehensive loss for the year	-	-	-	(81,790)	-	(7,719,698)	(7,801,488)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares (note 8)	14,353,863	-	-	-	(374,050)	-	13,979,813
Balance at 31 December 2018	<u>18,553,963</u>	<u>-</u>	<u>250,836</u>	<u>(118,319)</u>	<u>2,751,000</u>	<u>(18,093,358)</u>	<u>3,344,122</u>

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

	Consolidated Unaudited		
Note	31 Dec 2018 \$	31 Dec 2017 \$	
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	2,283,057	2,118,132	
Payments to suppliers and employees (inclusive of GST)	(6,928,582)	(2,835,642)	
Payments for research and development costs expensed	(809,032)	-	
	(5,454,557)	(717,510)	
Interest received	8,716	6,835	
Research and development tax offset recovered	310,378	381,406	
Interest and other finance costs paid	(659,707)	(44,712)	
Income taxes paid	(79,802)	(58,482)	
Net cash used in operating activities	(5,874,972)	(432,463)	
Cash flows from investing activities			
Payments for investments	(46,358)	(66,000)	
Payments for property, plant and equipment	(13,862)	(7,562)	
Payments for software development capitalised	(1,550,752)	(1,651,091)	
Payments for security deposits	(35,234)	-	
Proceeds from disposal of investments	-	131,835	
Proceeds from disposal of intangibles	401	-	
Proceeds from release of security deposits	-	79,145	
Net cash used in investing activities	(1,645,805)	(1,513,673)	
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	9,229,482	-	
Proceeds from borrowings	-	80,000	
Repayment of borrowings	(80,000)	-	
Proceeds from issue of convertible notes	-	1,798,362	
Proceeds from repayment of related party loans	-	19,691	
Share issue costs expenses	(742,780)	(160,167)	
Net cash from financing activities	8,406,702	1,737,886	
Net increase/(decrease) in cash and cash equivalents	885,925	(208,250)	
Cash and cash equivalents at the beginning of the financial year	45,303	275,064	
Effects of exchange rate changes on cash and cash equivalents	(81,790)	(21,511)	
Cash and cash equivalents at the end of the financial year	4	849,438	45,303

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

Note 1. General information

The preliminary 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 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

Note 2. 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.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 'Financial Instruments' is not considered to have a material impact on the financial statements.

Historically the Group provided services which were recognised over a period of time, and consequently the application of AASB 15 has had no impact on the opening balance of equity as it was in line with the requirements of AASB 15.

Note 2. New or amended Accounting Standards and Interpretations adopted (continued)

In the current year, the Group commenced selling its Simble Energy Platform services which include a hardware component. Revenue recognised in relation to the hosting of the Simble Energy Platform is recognised over a period of time, whilst the sale of hardware is recognised at a point in time.

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

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

Extract	Current standards \$	Previous standards \$	Change \$
Statement of financial position			
<i>Non-current assets</i>			
Financial assets at fair value through other comprehensive income	76,773	-	76,773
Available-for-sale financial assets	-	76,773	(76,773)
<i>Current liabilities</i>			
Contract liabilities	831,273	-	831,273
Deferred revenue	-	831,273	(831,273)
Net assets	<u>3,344,122</u>	<u>3,344,122</u>	<u>-</u>

Note 3. Expenses

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

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	Unaudited	
	31 Dec 2018	31 Dec 2017
	\$	\$
Cash at bank	799,438	45,303
Cash on deposit	50,000	-
	849,438	45,303

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 5. Non-current assets - intangibles

	Consolidated Unaudited	
	31 Dec 2018	31 Dec 2017
	\$	\$
Goodwill - at cost	1,671,578	1,671,578
Less: Impairment	(820,000)	-
	<u>851,578</u>	<u>1,671,578</u>
Trademarks - at cost	<u>8,151</u>	<u>8,552</u>
Customer relationships - at cost	840,000	840,000
Less: Accumulated amortisation	(392,000)	(224,000)
	<u>448,000</u>	<u>616,000</u>
Software development - at cost	5,971,801	4,421,049
Less: Accumulated amortisation	(3,372,992)	(1,181,847)
	<u>2,598,809</u>	<u>3,239,202</u>
	<u><u>3,906,538</u></u>	<u><u>5,535,332</u></u>

Reconciliations

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

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

Note 6. Current liabilities - trade and other payables

	Consolidated Unaudited	
	31 Dec 2018	31 Dec 2017
	\$	\$
Trade payables	555,391	1,060,816
Deferred lease incentives	77,278	83,082
Accrued expenses	298,543	701,817
Other payables	304,437	1,851,494
	<u>1,235,649</u>	<u>3,697,209</u>

Note 7. Current liabilities - other financial liabilities

	Consolidated Unaudited 31 Dec 2018	31 Dec 2017
	\$	\$
Convertible notes - at fair value	-	4,750,332

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

Note 8. Equity - issued capital

	Unaudited 31 Dec 2018	Consolidated Unaudited 31 Dec 2017	Unaudited 31 Dec 2018	31 Dec 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	103,248,334	24,406,218	18,553,963	4,200,100

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2017	100		100
Issue of Completion Shares (refer note 34)		4,200,000	\$1.00	4,200,000
Share split	December 2017	20,206,118		-
Balance	31 December 2017	24,406,218		4,200,100
Issue of shares on Initial Public Offering	22 February 2018	37,500,000	\$0.20	7,500,000
Issue of shares on conversion of convertible notes (note 7)	22 February 2018	23,751,656	\$0.20	4,750,331
Salary sacrifice shares	22 February 2018	1,842,126	\$0.20	374,050
Shares issued to promoters of the Offer	22 February 2018	2,415,000	\$0.20	483,000
Issue of shares on capital raising	10 August 2018	13,333,334	\$0.15	2,000,000
Share issue transaction costs				(753,518)
Balance - Unaudited	31 December 2018	103,248,334		18,553,963

Note 9. Loss per share

	Consolidated	
	Unaudited	Unaudited
	31 Dec 2018	31 Dec 2017
	\$	\$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(7,719,698)</u>	<u>(7,644,078)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>85,674,657</u>	<u>24,406,218</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>85,674,657</u>	<u>24,406,218</u>
	Cents	Cents
Basic loss per share	(9.01)	(31.32)
Diluted loss per share	(9.01)	(31.32)

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