

**CREDIBLE LABS INC.**  
**ARBN 621 866 813**  
**(ASX: CRD)**

**APPENDIX 4D**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019**

**Company Information**

Current Reporting Period: for the half year ended 30 June 2019  
Previous Corresponding Period: for the half year ended 30 June 2018

This information should be read in conjunction with the attached Consolidated Financial Statements for the half year ended 30 June 2019 for Credible Labs Inc. (the "Company") and its controlled entity, the Company's 2018 Annual Report and any public announcements made in the current reporting period by the Company in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the Australian Securities Exchange ("ASX") Listing Rules.

Additional Appendix 4D disclosure requirements can be found in the notes to the Consolidated Financial Statements and the Directors' Report for the half year ended 30 June 2019.

This report is based on the Consolidated Financial Statements for the half year ended 30 June 2019 which have been reviewed by BDO. Included in the attached Consolidated Financial Statements for the half year ended 30 June 2019 is BDO's Independent Auditor's Review Report.

Shares refer to fully paid shares in the common stock in the capital of the Company.

Securities refer to CHESS Depository Interests ("CDIs") over ordinary shares of the Company that are publicly traded on the ASX.

25 CDIs represent 1 fully paid share in the Company.

**Results for announcement to the market**

		<b>30 June 2019 (US\$)</b>	<b>30 June 2018 (US\$)</b>
<b>Revenue from ordinary activities</b>	Up 124%	19,657,445	8,758,668
<b>Loss from ordinary activities after tax attributable to shareholders</b>	Down 41%	(5,129,547)	(8,721,499)
<b>Net loss for the period attributable to shareholders</b>	Down 41%	(5,129,547)	(8,721,499)

An explanation of results is contained within the attached Consolidated Financial Statements and Directors' Report.

**Net tangible assets per Security**

	<b>30 June 2019 (US\$)</b>	<b>30 June 2018 (US\$)</b>
<b>Net tangible assets per Security</b>	0.10	0.15

**Dividend Amount per Security**

The Company did not pay a dividend for the half year periods ended 30 June 2019 and 30 June 2018 and it is not proposed to pay any dividend.

**Details of entities over which control has been gained/lost during the period**

There are no activities to report.

**Accounting Standards**

The Company has prepared its financial statements in accordance with Australian Accounting Standards ("AAS") and Interpretations issued by the Australian Accounting Standards Board ("AASB").

**Credible Labs Inc. and Subsidiary**  
**BAN 0487439 (ARBN 621 866 813)**

**Consolidated Financial Statements**

**For the half-year ended 30 June 2019**

## CONTENTS

	<u>Page</u>
<b>Consolidated Financial Statements</b>	
Directors' Report	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	17
Independent Auditor's Review Report	18

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Directors' Report

For the half-year ended 30 June 2019

The Board of Directors of Credible Labs Inc. (the "Company") presents their report, together with the financial statements on the consolidated entity (referred to hereafter as the "Consolidated Entity", "Credible" or "the Group") consisting of the Company and subsidiary for the half-year ended 30 June 2019.

### 1. General information

#### Directors

The names of the Directors in office at any time during the half-year and up to the date of this report are as follows:

Stephen Dash (date appointed 21 November, 2012)  
Dean Dorrell (date appointed 18 September, 2015)  
Ruirong Yang (date appointed 24 April, 2017)  
Ron Suber (date appointed 25 July, 2017)  
Annabelle Chaplain (date appointed 6 December, 2017)

#### Company Secretary

The Company Secretary as at 30 June 2019 was Jessica Rossman.

#### Principal Activities

Credible Labs Inc. was incorporated on 20 November 2012 as a corporation in the state of Delaware, United States of America ("USA"). The Company operates an online marketplace that allows consumers to receive financial product offers from financial institutions. The Company was formerly known as Stampede Labs Inc. and changed its name to Credible Labs Inc. in December 2013. No significant change in the nature of these activities occurred during the half year.

#### Presentational currency

The functional and presentation currency of the Group is United States Dollars ("US dollars"). The financial report is presented in US Dollars, rounded to the nearest dollar. All references to dollars, cents or \$'s in these financial statements are in US currency, unless otherwise stated.

#### State of Incorporation

The Company is incorporated in the State of Delaware, United States of America. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

#### Company Headquarters

The Group's main office remains at 22 4<sup>th</sup> Street, 8<sup>th</sup> Floor, San Francisco, California USA.

### 2. Business review

#### Operating results

The loss of the Group after providing for income tax amounted to \$5,129,547 (HY2018: \$8,721,499).

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Directors' Report

For the half-year ended 30 June 2019

### Review of operations

#### *Revenue Model*

The Credible Marketplace allows consumers to receive and accept financial product offers from financial institutions ("Credible Marketplace", or "Marketplace" when referring to a single product marketplace). Currently, the financial products offered on the Credible Marketplace include private student loans, student loan refinancing, personal loans, mortgage refinancing, home purchase mortgage and credit cards. Credible generates fee revenue from financial institutions that offer financial products on the Credible Marketplace. Fee revenue is generally based on aggregate underlying loan volume of financial products originated through Credible ("Closed Loan Volume").

#### *Business Update*

Revenue increased in H1 2019 relative to H1 2018 due to the increase in Credible originated Closed Loan Volume. The increase in total Closed Loan Volume was driven primarily by the significant growth in Credible's personal loans marketplace as well as continued growth in Credible's student loan refinancing marketplace.

Gross profit reflects the impact of higher revenue and an increase in gross profit margin as Credible continued to shift its distribution toward higher margin partner channels while remaining disciplined in paid advertising channels. In addition, the half year gross profit benefitted from contributions from student loan originations.

Employee Benefit Expenses consist primarily of wages, salaries, accrued performance bonuses, and health insurance benefit expenses. Employee Benefit Expenses exclude the capitalised portion of employee costs related to engineering, product and design employees. The increase in Employee Benefits Expenses during H1 2019 was driven primarily by a reclassification of uncapitalized outsourced technology contractor costs from Administrative Expenses to Employee Benefits Expenses, reflecting the Company's practice of using outsourced technology contractors for augmenting its engineering and product teams. In addition, the growth was also impacted by (i) an expansion of Credible's partnerships team, in order to grow our number of marketing and lender partners as well as manage existing partners, and (ii) growth in our systems operations team which manages our technical integrations with lender partners and credit bureaus. These factors were offset by a reduction in stock-based compensation expense related to lower expense accruals for performance-based options issued to CEO Stephen Dash.

Administrative Expenses predominantly consist of rent, data costs and office-related expenses. The decline in Administrative Expenses primarily reflects the reclassification of current period costs related to Credible's leased office space in San Francisco, California and Durham, North Carolina in accordance with AASB16. The costs associated with these leases, which were previously classified as rent expense and included in Administrative Expenses, is now accounted for as Depreciation Expense. This decrease in Administrative Expenses resulting from the adoption of AASB 16 was partially offset by (i) increasing expenses related to credit bureau data requests, which enable Credible to provide pre-qualified rates to consumers, due to the growth in the number of users requesting pre-qualified rates on the Credible Marketplace, and to a lesser degree (ii) the increase in office-related expenses primarily driven by the increase in headcount.

The decrease in non-direct marketing expenses over H1 2018 was driven by the decreased use of external marketing consultants in addition to more selective use of direct response television advertising as the Company continues to shift its distribution efforts toward partner channels.

Depreciation relates to the depreciation of computer and office equipment and the costs related to our leased office space. The higher Depreciation Expense in H1 2019 is primarily due to the depreciation of the right-of-use asset attributable to Credible's lease agreements for its offices in San Francisco, California and Durham, North Carolina. Amortisation is a non-cash item that relates to the amortisation of capitalised development costs, domain names, trademarks and other intellectual property. The growth in amortisation expense recognized in H1 2019 primarily reflects continued capitalisation and amortisation of technology and development costs incurred to build and expand the Credible platform. The higher amortisation expense in H1 2019 reflects the amortisation of capitalised development costs incurred in prior periods and the growing technical investment that Credible is making in its platform.

During the half year, Credible continued to grow its user base, reaching cumulative user accounts of approximately 1,755,000 as compared with 910,000 as at 30 June 2018.

As at 30 June 2019 the Credible team consisted of 134 full time equivalent employees, up from 126 at 30 June 2018.

#### **Dividends paid or recommended**

The Company has not declared or distributed any dividends during the half-year (HY2018: \$Nil).

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Directors' Report

For the half-year ended 30 June 2019

### 3. Other items

#### Significant changes in state of affairs

There has been no significant change in state of affairs related to the Group since the filing of its 2018 annual report on 28 February 2019.

#### Events after the reporting date

On 4 August 2019, the Board of Directors of Credible announced that the Company has entered into a definitive merger agreement to be acquired by a subsidiary of Fox Corporation ("Fox"), in a transaction that values Credible at a fully diluted equity value of approximately A\$585 million.

As part of the Transaction, and subject to certain approvals from the ASX, Stephen Dash will exchange shares equal to 33.33% of Credible's outstanding common stock into units of a newly created Fox subsidiary. Mr. Dash will also receive A\$55.25 per share of common stock in Credible for approximately 1.0 million shares (net of exercise of Mr. Dash's outstanding options), being the maximum number of shares of common stock that Mr. Dash is permitted to sell.

The Transaction is subject to a number of customary closing conditions, including approval by a majority of Credible shareholders (other than Mr. Dash and his affiliates), there being no prohibition on implementing the Transaction, and obtaining all regulatory approvals including certain approvals from the ASX.

#### Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

#### Corporate governance statement

Please see the following URL of the company's website where the corporate governance policies are located.

<https://www.credible.com/investors/>

#### Environmental regulations

The Directors do not consider that there are any significant environmental regulations which apply to the Group.

#### Indemnifying Officers or Auditors

No indemnification has been requested or triggered during or since the end of the half-year, for any person who is or has been an officer or auditor of the Company.

#### Proceedings on Behalf of Company

No material legal claims have been brought against the Group or by the Group during the relevant time period.

Signed in accordance with a resolution of the Board of Directors:



.....  
Stephen Dash

Founder and CEO

San Francisco, 07 August 2019 PST (08 August 2019 AEST)

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2019

	Notes	HY2019 US\$	HY2018 US\$
Revenue		19,657,445	8,758,668
Cost of sales		(13,693,126)	(6,956,890)
Gross profit		5,964,319	1,801,778
Other income		359,891	238,179
Employee benefit expenses	2(b)	(6,936,323)	(6,650,384)
Administrative expenses		(2,569,885)	(3,120,379)
Marketing expenses		(336,830)	(703,232)
Depreciation and amortisation	2(a)	(1,448,525)	(376,351)
Other (expenses)/reversals		(82,111)	88,890
Finance costs		(80,083)	-
<b>Loss before income tax</b>		<b>(5,129,547)</b>	<b>(8,721,499)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(5,129,547)</b>	<b>(8,721,499)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Debt instruments at FVOCI – net change in fair value		37,604	(49,532)
<b>Total comprehensive loss for the period</b>		<b>(5,091,943)</b>	<b>(8,771,031)</b>
		<b>US\$</b>	<b>US\$</b>
Earnings / (loss) per share attributable to the owners of Credible Labs Inc.			
Basic and diluted earnings / (loss) per share		(0.53)	(0.86)
Basic and diluted earnings / (loss) per CDI		(0.02)	(0.04)

The accompanying notes form part of the financial statements.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	HY2019 US\$	FY2018 US\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,915,801	8,075,069
Trade and other receivables		4,747,844	4,220,263
Financial assets	10	16,349,907	21,563,173
Prepayments and other assets		504,033	707,539
<b>TOTAL CURRENT ASSETS</b>		<b>29,517,585</b>	<b>34,566,044</b>
<b>NON-CURRENT ASSETS</b>			
Other assets	11	-	135,280
Plant and equipment		259,524	293,471
Right of use assets		2,405,991	-
Financial assets	12	579,945	579,945
Intangible assets	3	8,142,301	6,729,289
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,387,761</b>	<b>7,737,985</b>
<b>TOTAL ASSETS</b>		<b>40,905,346</b>	<b>42,304,029</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,597,346	4,220,462
Lease liabilities		1,237,037	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,834,383</b>	<b>4,220,462</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred rent		-	174,130
Lease liabilities		1,402,868	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,402,868</b>	<b>174,130</b>
<b>TOTAL LIABILITIES</b>		<b>7,237,251</b>	<b>4,394,592</b>
<b>NET ASSETS</b>		<b>33,668,095</b>	<b>37,909,437</b>
<b>EQUITY</b>			
Issued capital	4	64,535,694	64,608,233
Reserves		2,728,861	1,720,866
Accumulated losses		(33,596,460)	(28,419,662)
<b>TOTAL EQUITY</b>		<b>33,668,095</b>	<b>37,909,437</b>

The accompanying notes form part of the financial statements.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2019

	Note	Issued Capital US\$	Share-based payments reserve US\$	Investments revaluation reserve US\$	Accumulated losses US\$	Total US\$
<b>Balance at 1 January 2018</b>		<b>64,586,643</b>	<b>389,167</b>	-	<b>(15,371,220)</b>	<b>49,604,590</b>
Loss for the period		-	-	-	(8,721,499)	(8,721,499)
Other comprehensive income for the period, net of tax		-	-	(49,532)	-	(49,532)
Total comprehensive income for the period		-	-	(49,532)	(8,721,499)	(8,771,031)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares during the period		9,489	-	-	-	9,489
Repurchase of shares during the period		(43)	-	-	-	(43)
Share-based payments		-	2,134,696	-	-	2,134,696
<b>Balance at 30 June 2018</b>		<b>64,596,089</b>	<b>2,523,863</b>	<b>(49,532)</b>	<b>(24,092,719)</b>	<b>42,977,701</b>
<b>Balance at 1 January 2019 (reported)</b>		<b>64,608,233</b>	<b>1,745,893</b>	<b>(25,027)</b>	<b>(28,419,662)</b>	<b>37,909,437</b>
Adjustment on initial application of AASB 16	1	-	-	-	(47,251)	(47,251)
<b>Restated total equity at 1 January 2019</b>		<b>64,608,233</b>	<b>1,745,893</b>	<b>(25,027)</b>	<b>(28,466,913)</b>	<b>37,862,186</b>
Loss for the period		-	-	-	(5,129,547)	(5,129,547)
Other comprehensive income for the period, net of tax		-	-	37,604	-	37,604
Total comprehensive income for the period		-	-	37,604	(5,129,547)	(5,091,943)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares during the period	4	9,961	-	-	-	9,961
Repurchase of shares during the period	4	(82,500)	-	-	-	(82,500)
Share-based payments		-	970,391	-	-	970,391
<b>Balance at 30 June 2019</b>		<b>64,535,694</b>	<b>2,716,284</b>	<b>12,577</b>	<b>(33,596,460)</b>	<b>33,668,095</b>

The accompanying notes form part of the financial statements.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Consolidated Statement of Cash Flows

For the half-year ended 30 June 2019

	Notes	HY2019 US\$	HY2018 US\$
<b>Cash from operating activities:</b>			
Receipts from customers		19,231,974	9,197,070
Payments to suppliers and employees		(22,073,307)	(14,452,775)
Interest received		299,212	336,290
Finance costs related to lease liabilities		(77,605)	-
<b>Net cash used in operating activities</b>		<b>(2,619,726)</b>	<b>(4,919,415)</b>
<b>Cash flows from investing activities:</b>			
Purchase of plant and equipment		(60,138)	(187,694)
Payments for intangible assets		(2,207,537)	(1,938,819)
Receipts from investments, net		5,213,266	-
Purchase of investments, net		-	(29,724,538)
Refund of security deposit		-	95,633
Payment of security deposit		-	(579,945)
Other		28,900	3,155
<b>Net cash provided by / (used in) investing activities</b>		<b>2,974,491</b>	<b>(32,332,208)</b>
<b>Cash flows from financing activities:</b>			
Repayment of lease liabilities		(577,120)	-
Proceeds from issuance of restricted shares		53,126	-
Proceeds from issue of shares		9,961	9,456
Other payments		-	(96,002)
<b>Net cash used in financing activities</b>		<b>(514,033)</b>	<b>(86,546)</b>
Net decrease in cash and cash equivalents		(159,268)	(37,338,169)
Cash and cash equivalents at beginning of period		8,075,069	43,916,298
<b>Cash and cash equivalents at end of period</b>		<b>7,915,801</b>	<b>6,578,129</b>
<b>Breakdown of cash and financial assets:</b>			
Cash and cash equivalents		7,915,801	6,578,129
Financial assets – current	10	16,349,907	26,502,896
Financial assets – non-current		-	3,172,110
Financial assets (restricted cash) – non-current	12	579,945	579,945
<b>Total cash and financial assets</b>		<b>24,845,653</b>	<b>36,833,080</b>

The accompanying notes form part of the financial statements.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 1. Summary of significant accounting policies

#### (i) General Information

Credible Labs Inc. is a Company incorporated and domiciled in the United States of America. Credible Operations, Inc. is a Company incorporated and domiciled in the United States of America and is a wholly owned subsidiary of Credible Labs Inc. The functional and presentation currency of Credible Labs Inc. and Subsidiary is US dollars. The consolidated financial statements were authorised for issue on 07 August 2019 PST (08 August 2019 AEST).

The registered office and principal place of business of the Group is:

22 4<sup>th</sup> Street, 8<sup>th</sup> Floor  
San Francisco, CA 94103  
United States of America

#### (ii) Basis of preparation

These interim consolidated financial statements for half-year reporting period ended 30 June 2019 have been prepared in accordance with applicable Australian Accounting Standards ("AAS") and Interpretations issued by the Australian Accounting Standards Board ("AASB"), including Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Credible Labs Inc. and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018, together with any public announcements made during the following half-year.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in US dollars, unless otherwise noted.

#### (iii) Critical accounting estimates

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group's annual report for the year ended 31 December 2018 have been applied to these interim financial statements, except for the new application of AASB16 during the period as discussed in (iv) below.

#### (iv) Accounting Policies

Other than the implementation of the new accounting policy noted below, the accounting policies adopted are consistent with the most recent annual financial statements and the corresponding half-year reporting period.

#### Changes in significant accounting policies

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policy and make retrospective adjustments as a result of adopting AASB 16 Leases from 1 January 2019. Further information is detailed below. The change in accounting policy is also expected to be reflected in the Group's consolidated financial statements as at, and for the year ending, 31 December 2019.

The impacts of the adoption of the leasing standard and the new accounting policy are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

#### AASB 16: Leases

AASB 16 eliminates the classification of leases as either operating leases or finance leases for a lessee, with the exception of short term or low value leases which can still be accounted for as operating leases. Instead, all leases are treated in a similar way to a finance lease. Leases are capitalised by recognising the present value of the lease payments and showing them as lease assets (Right-of-Use Assets). If lease payments are made over time, a financial liability representing its obligation to make future lease payments is also recognised as lease liabilities. AASB 16 replaces the straight-line operating lease expense with a depreciation charge for the lease asset and an interest expense on the lease liability.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 1. Summary of significant accounting policies (continued)

#### **AASB 16: Leases (continued)**

The Group has elected to apply AASB 16 on a modified retrospective basis, and therefore, the comparative information has not been restated and continues to be reported under the preceding standard, AASB 117. This means AASB 16 is applied retrospectively with an adjustment to opening equity on the initial application date, as opposed to the previous accounting period. The transition exercise on adopting AASB 16 resulted in an adjustment of \$47,251 to the opening balance of equity as at 1 January 2019.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

On transition to AASB 16, the Group recognised an additional \$2,995,643 of right-of-use assets and \$3,217,024 of lease liabilities, recognising the difference as a reversal of deferred rent and accumulated losses. The group have recognised an additional depreciation charge during the period of \$589,652 in relation to depreciation of the right-of-use asset, and additional finance costs of \$77,605 due to interest expense on the lease liability.

When measuring lease liabilities, the Group discounted the lease payments using an estimated incremental borrowing rate at date of initial application of AASB 16. The rate applied was between 5 - 5.25%.

	<b>HY June 2019 Balances Applying AASB 16 US\$</b>	<b>HY June 2019 Balances Applying AASB 117 US\$</b>	<b>Movement</b>
<b>Statement of Profit or Loss</b>			
Administration costs	2,569,885	3,213,615	(643,730)
Finance costs	77,605	-	77,605
Depreciation and amortisation	1,448,525	858,873	589,652
<b>Statement of Financial Position</b>			
Right-of-use asset	2,405,991	-	2,405,991
Lease liability	(2,639,905)	-	(2,639,905)
Deferred rent	-	(163,134)	163,134
Accumulated losses	33,596,460	33,525,680	70,780
<b>Statement of Cash Flows</b>			
Cash flows used in operating activities	(2,619,726)	(3,196,846)	577,120
Cash flows (used in)/from financing activities	(514,033)	63,087	(577,120)

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 2. Loss for the period

The loss for the period includes the following specific expenses:

	HY2019 US\$	HY2018 US\$
<b>(a) Expenses</b>		
Amortisation expense	794,525	367,519
Depreciation	654,000	8,832
	<u>1,448,525</u>	<u>376,351</u>
Rental expense on short term operating leases	13,700	528,378
Finance costs	80,083	-
	<u>93,783</u>	<u>904,729</u>
<b>(b) Employee benefit expenses</b>		
Share-based payment expense	970,391	2,134,696
Salaries and wages	4,846,963	3,493,046
Payroll taxes	433,303	462,397
Outsourced contractors	216,320	-
Recruiting	132,642	250,157
Other employee benefits	336,704	310,088
Total employee benefits expense	<u>6,936,323</u>	<u>6,650,384</u>

In addition to the above, total employee and contractor costs capitalized as software development intangible assets for the six months ended 30 June 2019 were \$1,339,239, and \$868,298, respectively (HY2018: \$1,238,880 and \$699,940).

	HY2019 US\$	FY2018 US\$
<b>3. Intangible assets</b>		
<b>Domain name</b>		
At cost	45,000	45,000
Accumulated amortisation	(45,000)	(15,000)
Total domain name	<u>-</u>	<u>30,000</u>
<b>Software development</b>		
At cost	11,163,153	8,955,616
Accumulated amortisation	(3,020,852)	(2,266,987)
Total software development	<u>8,142,301</u>	<u>6,688,629</u>
<b>Trademarks</b>		
At cost	3,840	3,840
Accumulated amortisation	(3,840)	(1,169)
Total trademarks	<u>-</u>	<u>2,671</u>
<b>Intellectual property</b>		
At cost	10,664	10,664
Accumulated amortisation	(10,664)	(2,675)
Total intellectual property	<u>-</u>	<u>7,989</u>
Total intangible assets	<u>8,142,301</u>	<u>6,729,289</u>

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 3. Intangible assets (continued)

Movements in the carrying amounts for each class of intangible assets between the beginning and end of the period:

	Software Development US\$	Domain Name US\$	Trademark US\$	Intellectual Property US\$	Total US\$
<b>At 1 January 2019, net of accumulated amortisation</b>	6,688,629	30,000	2,671	7,989	6,729,289
Additions	2,207,537	-	-	-	2,207,537
Disposals	-	-	-	-	-
Amortisation expense	(753,865)	(30,000)	(2,671)	(7,989)	(794,525)
<b>At 30 June 2019, net of accumulated amortisation</b>	8,142,301	-	-	-	8,142,301

### 4. Share Capital

	HY2019 US\$	FY2018 US\$
9,656,810 Ordinary shares (FY2018: 9,649,553)	65,335,442	65,325,481
451,576 Restricted shares (FY2018: 489,076)	63,905	146,405
Capital raising costs	(863,653)	(863,653)
	<u>64,535,694</u>	<u>64,608,233</u>

#### Movement in issued capital

	HY2019		FY2018	
	Number of shares	Value US\$	Number of shares	Value US\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of the financial year	9,649,553	65,325,481	9,633,368	65,303,882
Issue of new shares	7,257	9,961	16,185	21,599
Conversion of convertible notes	-	-	-	-
Repurchase of shares	-	-	-	-
Conversion of preference shares	-	-	-	-
Balance at the end of the period / year	9,656,810	65,335,442	9,649,553	65,325,481

#### Preference shares

Balance at beginning of the financial year	-	-	-	-
Issue of new shares	-	-	-	-
Conversion of convertible notes	-	-	-	-
Repurchase of shares	-	-	-	-
Conversion of preference shares	-	-	-	-
Balance at the end of the period / year	-	-	-	-

#### Restricted shares

Balance at beginning of the financial year	489,076	146,405	489,505	146,414
Issue of new shares	-	-	-	-
Repurchase of shares	(37,500)	(82,500)	(429)	(9)
Conversion of preference shares	-	-	-	-
Balance at the end of the period / year	451,576	63,905	489,076	146,405

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 4. Share Capital (continued)

#### Securities on issue

The Company had the following securities on issue as at 30 June 2019:

Category	Common Stock	CDI Equivalent
Ordinary shares	9,656,810	241,420,250
Restricted shares	451,576	11,289,400
Options (note 8)	943,318	23,582,950

The company had the following securities on issue as at 31 December 2018:

Category	Common Stock	CDI Equivalent
Ordinary shares	9,649,553	241,238,825
Restricted shares	489,076	12,226,900
Options (note 8)	881,635	22,040,875

#### Ordinary Shares:

Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. 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.

#### Restricted Shares:

Restricted Share Units (RSU) relate to shares issued to employees, directors, consultants and advisors of the Company. These were issued at a share price based on the discretion of the Board of Directors at the time of issuance. The RSU's were issued in exchange for services provided by such employees, directors, consultants and advisors and were issued as restricted units of Common Stock of the Company.

### 5. Dividends

The Company has not declared or distributed any dividends during the half-year (HY2018: \$Nil).

### 6. Events After the End of the Reporting Period

On 4 August 2019, the Board of Directors of Credible announced that the Company has entered into a definitive merger agreement to be acquired by a subsidiary of Fox Corporation ("Fox"), in a transaction that values Credible at a fully diluted equity value of approximately A\$585 million.

As part of the Transaction, and subject to certain approvals from the ASX, Stephen Dash will exchange shares equal to 33.33% of Credible's outstanding common stock into units of a newly created Fox subsidiary. Mr. Dash will also receive A\$55.25 per share of common stock in Credible for approximately 1.0 million shares (net of exercise of Mr. Dash's outstanding options), being the maximum number of shares of common stock that Mr. Dash is permitted to sell.

The Transaction is subject to a number of customary closing conditions, including approval by a majority of Credible shareholders (other than Mr. Dash and his affiliates), there being no prohibition on implementing the Transaction, and obtaining all regulatory approvals including certain approvals from the ASX.

### 7. Contingent Liabilities and Contingent Assets

The Group has no material contingent liabilities or contingent assets since the last annual reporting period.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 8. Share-based payments

Credible Labs Inc. has a Stock Incentive Plan for the grant of incentive stock options to employees, consultants and Key Management Personnel of the Company for stock options and restricted shares ("stock options"). Under the Plan, share options are granted with exercise prices equal to market prices of the underlying shares on the date of grant. Grants of equity awards are required to be approved by the Board of Directors. Typically, stock options are granted with a 4-year vesting schedule where 25% of the stock options vest after 12 months of continuous employment, and the remaining stock options vest either quarterly or monthly over the remainder of the 4-year period (subject to continuous employment).

The maximum aggregate number of Shares that have been reserved for the issuance under the Stock Incentive Plan is 1,850,321. The options carry no entitlements to voting rights or dividends of the Company.

The following table reconciles the outstanding share options granted under the employee share option plan related to options issued as of 30 June 2019 and 2018:

	HY2019		HY2018	
	Number of options	Weighted average exercise price US\$	Number of options	Weighted average exercise price US\$
Balance at the beginning of the period	881,635	19.41	696,182	18.27
Granted during the period	75,790	14.99	185,122	21.84
Forfeited during the period	(4,344)	19.90	(18,589)	16.35
Exercised during the period	(7,257)	1.37	(1,352)	2.02
Canceled during the period	(2,506)	21.28	-	-
Balance at the end of the period	943,318	19.18	861,363	19.12
Exercisable at the end of the period	183,509	14.18	85,845	6.90

- (i) 7,257 options were exercised during the half-year 2019 and 1,352 options were exercised during the half-year 2018.
- (ii) Balance at the end of the half-year: The share options outstanding at the end of HY2019 and HY2018 had a weighted average exercise price of US \$19.18 and \$19.12 respectively. The share options had a weighted average remaining contractual life of 8.5 and 9.3 years, respectively.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate
17 May 2017	16 May 2027	\$2.20	\$2.20	56.86%	0%	1.90%
25 July 2017	24 July 2027	\$2.20	\$2.20	57.08%	0%	2.02%
7 December 2017	6 December 2027	\$22.72	\$22.72	56.02%	0%	2.22%
24 December 2017	23 December 2027	\$23.85	\$23.85	56.01%	0%	2.32%
30 January 2018	29 January 2028	\$25.30	\$25.30	56.03%	0%	2.55%
24 February 2018	23 February 2028	\$21.56	\$21.56	55.98%	0%	2.70%
24 April 2018	23 April 2028	\$17.11	\$17.11	55.52%	0%	2.87%
25 July 2018	24 July 2028	\$17.05	\$17.05	55.28%	0%	2.84%
09 September 2018	08 September 2028	\$15.99	\$15.99	55.06%	0%	2.84%
15 October 2018	14 October 2028	\$17.47	\$17.47	51.59%	0%	3.03%
28 February 2019	31 January 2029	\$14.99	\$14.99	51.94%	0%	2.56%

- (iii) The fair value of the options granted is considered to represent the value of the services received over the vesting period and is therefore amortised over this period of time. The amount expensed in HY2019 is \$970,391 (HY2018 \$2,134,696). Of this amount, \$686,502 related to option grants for employees where the grants vest over time, and \$283,890 related to performance based options issued to the CEO with vesting subject to the achievement of certain milestones (2018: \$1,707,413).

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### 9. Operating segments

For the half-year ended 30 June 2019, the Group was domiciled in the United States of America and operated an online marketplace that allows consumers to receive financial product offers from financial institutions. As such, management's view is that there is only one operating and geographical segment.

### 10. Fair Value Measurements

#### a. Valuation Techniques

Financial assets represent the Group's hold to collect and sell investments.

These assets are measured at Fair Value Through Other Comprehensive Income. They are measured or disclosed in the financial assets categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices. These have been disclosed in (d) below.
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The financial assets are classified as level 1 and level 2 as noted below.

#### b. Financial Instruments

The following table represents a comparison between the cost and fair values of financial assets and liabilities and recurring and non-recurring fair value measurement amounts and the level of the fair value hierarchy within which the fair value measurements are categorised at 30 June 2019:

	Level 1	Level 2			Total
	US Government Treasury	Corporate Bonds	Commercial Paper	Asset Backed	
	US\$	US\$	US\$	US\$	US\$
Balance at 31 December 2018	3,997,343	9,559,351	3,354,502	4,651,977	21,563,173
Investment during the period	1,088,441	3,039,118	6,981,920	4,025,710	15,135,189
Sales / maturities during the period	(2,000,000)	(8,305,000)	(4,688,368)	(5,450,000)	(20,443,368)
Change in fair value	8,296	20,548	-	8,760	37,604
Return	12,651	(27,739)	68,002	4,395	57,309
Balance at 30 June 2019	3,106,731	4,286,278	5,716,056	3,240,842	16,349,907
Current	3,106,731	4,286,278	5,716,056	3,240,842	16,349,907
Non-Current	-	-	-	-	-
Total	3,106,731	4,286,278	5,716,056	3,240,842	16,349,907

As cash equivalents, trade and other receivables, and trade and other payables approximate their fair values, they have not been included in the above table.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2019

### c. Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

Description	Fair Value at 30 June 2019	Valuation Techniques	Inputs Used
<b>Level 2</b>	<b>US\$</b>		
Corporate bonds	4,286,278	Various market and industry inputs	Bloomberg, Standard & Poors
Commercial paper	5,716,056	Matrix pricing	Bloomberg
Asset backed securities	3,240,842	Various market and industry inputs	Bloomberg, Standard & Poors

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

### 11. Other Assets

	<b>HY2019</b>	<b>FY2018</b>
	<b>US\$</b>	<b>US\$</b>
<b>Non-Current</b>		
Other receivables	-	135,280
<b>Total</b>	-	135,280

### 12. Financial Assets

	<b>HY2019</b>	<b>FY2018</b>
	<b>US\$</b>	<b>US\$</b>
<b>Non-Current</b>		
Long term restricted cash	579,945	579,945
<b>Total</b>	579,945	579,945

### 13. Reliance on key financial institutions

The majority of the Group's revenue is derived from its top five financial institution partners. This is mostly a result of these financial institutions providing either broader or more competitive products on the Marketplace. Based on revenue for the half year ended 30 June 2019, the revenue-weighted average expiry (including automatic renewals) on agreements with these financial institutions is one year. If a lender terminates its agreement with the Group or if the Group cannot maintain or renew the contracts with these key financial institutions, the share of the Group's revenue from other financial institution partners will likely increase and may result in a greater diversification of revenue across financial institution partners. However, the loss of one or more of these financial institution partners could have an adverse impact on the Group's business.

# Credible Labs Inc. and Subsidiary

BAN 0487439 (ARBN 621 866 813)

## Directors Declaration

For the half-year ended 30 June 2019

In the Directors' opinion:

1. the attached financial statements and notes thereto comply with Accounting Standard AASB 134: *Interim Financial Reporting*;
2. the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
3. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Stephen Dash  
Founder and CEO  
San Francisco, 07 August 2019 PST (08 August 2019 AEST)

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Credible Labs Inc.

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Credible Labs Inc. (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the half-year's end or from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report does not present, in all material respects, the financial position of the Group as at 30 June 2019, and its financial performance and its cash flows for the half-year ended on that date in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



### **Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

### **BDO East Coast Partnership**

A handwritten signature in dark ink, appearing to read 'Martin Coyle', written over the printed name.

**Martin Coyle**  
**Partner**

Sydney, 8 August 2019