

1. Company details

Name of entity:	Simble Solutions Limited
ABN:	17 608 419 656
Reporting period:	For the year ended 31 December 2019
Previous period:	For the year ended 31 December 2018

2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 16 'Leases' for the year ended 31 December 2019. The Accounting Standard has been applied using the modified retrospective method and comparatives have not been restated.

			\$
Revenues from ordinary activities	up	4.7% to	2,465,711
Loss from ordinary activities after tax attributable to the owners of Simble Solutions Limited	down	51.7% to	(3,728,919)
Loss for the year attributable to the owners of Simble Solutions Limited	down	51.7% to	(3,728,919)

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 \$3,728,919 (31 December 2018: \$7,719,698).

For the year ended 31 December 2019, total revenues increased by 5% to \$2,465,711 from \$2,354,725 in the prior year. Sales revenue declined 16% year-on-year to \$1,782,685 whilst other income increased 206% to \$660,712.

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

Software-as-a-Service ('SaaS') sales revenue increased by 11% to \$1,513,268, up from \$1,359,907 in 2018. Energy SaaS revenue grew by 93% to \$719,755 and mobility SaaS declined by 18% to \$917,335.

Underlying EBITDA is a key measurement used by management and the board to assess and review business performance. Underlying EBITDA for the 12 months ended 31 December 2019 was a loss of \$2,399,146. This represents a 32% improvement in underlying EBITDA on the prior year. The table below provides a reconciliation between statutory net loss and underlying EBITDA:

	Consolidated	
	Unaudited	
	2019	2018
	\$	\$
Statutory Net Loss for the year	(3,728,919)	(7,719,698)
Add back:		
Interest	269,036	261,185
Tax	7,953	-
Depreciation	291,848	25,750
Amortisation	760,936	2,359,145
Impairment of goodwill	-	820,000
Statutory EBITDA	(2,399,146)	(4,253,618)
Add non-recurring items:		
IPO expenses	-	742,780
Underlying EBITDA	<u>(2,399,146)</u>	<u>(3,510,838)</u>

Net cash used in operating activities decreased by 44% to \$3,295,634 compared to \$5,874,972 in 2018. The cash balance at 31 December 2019 was \$705,452 (31 December 2018: \$849,438).

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

The Board and Management continue to monitor costs and closely manage cash, and assess all options and opportunities to improve shareholder value.

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>(0.84)</u>	<u>(0.54)</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 2019 is attached.

12. Signed



Signed _____

Date: 28 February 2020

Fadi Geha
Director
Sydney

Simble Solutions Limited and its controlled entities

ABN 17 608 419 656

Preliminary Financial Report - 31 December 2019

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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 2019



		Consolidated	
	Note	Unaudited	
		2019	2018
		\$	\$
Revenue			
Revenue		1,782,685	2,131,695
Cost of sales		<u>(644,790)</u>	<u>(947,308)</u>
Gross margin		<u>1,137,895</u>	<u>1,184,387</u>
Other income		660,712	214,314
Interest revenue calculated using the effective interest method		22,314	8,716
Total revenue		<u>2,465,711</u>	<u>2,354,725</u>
Expenses			
Marketing		(54,167)	(296,135)
Administration	3	(5,175,089)	(6,962,260)
Impairment of goodwill	5	-	(820,000)
Impairment of receivables		(21,281)	(44,755)
Initial Public Offering expenses		-	(742,780)
Finance costs	3	<u>(291,350)</u>	<u>(261,185)</u>
Loss before income tax expense		(3,720,966)	(7,719,698)
Income tax expense		<u>(7,953)</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Simble Solutions Limited		(3,728,919)	(7,719,698)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(32,942)</u>	<u>(81,790)</u>
Other comprehensive loss for the year, net of tax		<u>(32,942)</u>	<u>(81,790)</u>
Total comprehensive loss for the year attributable to the owners of Simble Solutions Limited		<u><u>(3,761,861)</u></u>	<u><u>(7,801,488)</u></u>
		Cents	Cents
Basic loss per share	8	(3.09)	(9.01)
Diluted loss per share	8	(3.09)	(9.01)

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

	Note	Consolidated Unaudited 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	4	705,452	849,438
Trade and other receivables		834,228	589,164
Inventories		122,975	30,335
Financial assets at fair value through profit or loss		24,651	76,773
Other		222,671	325,675
Total current assets		<u>1,909,977</u>	<u>1,871,385</u>
Non-current assets			
Property, plant and equipment		-	46,349
Right-of-use assets		313,046	-
Intangibles	5	4,205,959	3,906,538
Deferred tax		19,413	-
Other deposits		143,162	143,162
Total non-current assets		<u>4,681,580</u>	<u>4,096,049</u>
Total assets		<u>6,591,557</u>	<u>5,967,434</u>
Liabilities			
Current liabilities			
Trade and other payables		1,401,809	1,235,649
Contract liabilities		472,861	831,273
Borrowings	6	1,242,777	-
Lease liabilities		292,913	-
Income tax		17,126	8,565
Employee benefits		96,648	123,569
Deferred grant liabilities		-	94,591
Total current liabilities		<u>3,524,134</u>	<u>2,293,647</u>
Non-current liabilities			
Contract liabilities		196,838	179,322
Lease liabilities		223,695	-
Deferred tax		20,401	-
Employee benefits		-	55,752
Deferred grant liabilities		-	94,591
Total non-current liabilities		<u>440,934</u>	<u>329,665</u>
Total liabilities		<u>3,965,068</u>	<u>2,623,312</u>
Net assets		<u>2,626,489</u>	<u>3,344,122</u>
Equity			
Issued capital	7	21,544,095	18,553,963
Shareholder capital		122,100	-
Reserves		2,850,575	2,883,517
Accumulated losses		(21,890,281)	(18,093,358)
Total equity		<u>2,626,489</u>	<u>3,344,122</u>

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

Simble Solutions Limited and its controlled entities
Statement of changes in equity
For the year ended 31 December 2019



Consolidated	Issued capital \$	Shareholder capital \$	Common control reserve \$	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>							
Contributions of equity, net of transaction costs (note 7)	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>

Consolidated	Issued capital \$	Shareholder capital \$	Common control reserve \$	Foreign currency translation reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2019	18,553,963	-	250,836	(118,319)	2,751,000	(18,093,358)	3,344,122
Adjustment to retained earnings on adoption of AASB 16	-	-	-	-	-	(68,004)	(68,004)
Balance at 1 January 2019 - restated	18,553,963	-	250,836	(118,319)	2,751,000	(18,161,362)	3,276,118
Loss after income tax expense for the year	-	-	-	-	-	(3,728,919)	(3,728,919)
Other comprehensive loss for the year, net of tax	-	-	-	(32,942)	-	-	(32,942)
Total comprehensive loss for the year	-	-	-	(32,942)	-	(3,728,919)	(3,761,861)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 7)	2,990,132	-	-	-	-	-	2,990,132
Shares to be issued	-	122,100	-	-	-	-	122,100
Balance at 31 December 2019	<u>21,544,095</u>	<u>122,100</u>	<u>250,836</u>	<u>(151,261)</u>	<u>2,751,000</u>	<u>(21,890,281)</u>	<u>2,626,489</u>

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

		Consolidated	
	Note	Unaudited	
		2019	2018
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,628,443	2,283,057
Payments to suppliers and employees (inclusive of GST)		(4,246,524)	(6,928,582)
Payments for research and development costs expensed		(935,627)	(809,032)
		(3,553,708)	(5,454,557)
Interest received		22,314	8,716
Research and development tax offset recovered		439,651	310,378
Interest and other finance costs paid		(205,487)	(659,707)
Income taxes refunded		1,596	-
Income taxes paid		-	(79,802)
Net cash used in operating activities		(3,295,634)	(5,874,972)
Cash flows from investing activities			
Payments for investments		-	(46,358)
Payments for property, plant and equipment		-	(13,862)
Payments for software development capitalised	5	(1,060,357)	(1,550,752)
Payments for security deposits		-	(35,234)
Proceeds from disposal of investments		52,122	-
Proceeds from disposal of intangibles		-	401
Proceeds from release of security deposits		33,620	-
Net cash used in investing activities		(974,615)	(1,645,805)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	7	3,112,232	9,229,482
Proceeds from trade finance		240,000	-
Repayment of trade finance		(100,000)	-
Proceeds from borrowings		1,102,777	-
Repayment of borrowings		-	(80,000)
Repayment of lease liabilities		(195,804)	-
Share issue costs expensed		-	(742,780)
Net cash from financing activities		4,159,205	8,406,702
Net increase/(decrease) in cash and cash equivalents		(111,044)	885,925
Cash and cash equivalents at the beginning of the financial year		849,438	45,303
Effects of exchange rate changes on cash and cash equivalents		(32,942)	(81,790)
Cash and cash equivalents at the end of the financial year	4	<u>705,452</u>	<u>849,438</u>

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 are:

Registered office

C/O Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Principal place of business

Level 2
383 George Street
Sydney NSW 2000

Note 2. Significant accounting policies

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 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 replaces AASB 117 'Leases' and sets out a comprehensive model for identifying lease arrangement and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of 'right-of-use' asset and a related lease liability, being present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing lease expense, with the exception of leases of low value assets and leases with a term of 12 months or less.

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

Impact of adoption

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

Extract

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

Note 2. Significant accounting policies (continued)

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

Note 3. Expenses

	Consolidated Unaudited 2019 \$	2018 \$
Loss before income tax includes the following specific expenses:		
<i>Administration</i>		
Minimum lease payments	-	462,323
Employee benefits expense	2,252,954	1,656,270
Superannuation	133,676	197,154
Depreciation	291,848	25,750
Amortisation	760,936	2,359,145
General administration and other	1,735,675	2,261,618
Total administration	5,175,089	6,962,260
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	276,950	261,185
Interest and finance charges paid/payable on lease liabilities	14,400	-
Finance costs expensed	291,350	261,185

Note 4. Current assets - cash and cash equivalents

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

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

Note 5. Non-current assets - intangibles

	Consolidated	
	Unaudited	
	2019	2018
	\$	\$
Goodwill - at cost	1,671,578	1,671,578
Less: Impairment	(820,000)	(820,000)
	<u>851,578</u>	<u>851,578</u>
Trademarks - at cost	8,151	8,151
Customer relationships - at cost	840,000	840,000
Less: Accumulated amortisation	(560,000)	(392,000)
	<u>280,000</u>	<u>448,000</u>
Software development - at cost	6,212,158	5,971,801
Less: Accumulated amortisation	(3,145,928)	(3,372,992)
	<u>3,066,230</u>	<u>2,598,809</u>
	<u><u>4,205,959</u></u>	<u><u>3,906,538</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	Software	Total
	\$	\$	relationships	development	\$
	\$	\$	\$	\$	\$
Balance at 1 January 2018	1,671,578	8,552	616,000	3,239,202	5,535,332
Additions	-	-	-	1,550,752	1,550,752
Disposals	-	(401)	-	-	(401)
Impairment of assets	(820,000)	-	-	-	(820,000)
Amortisation expense	-	-	(168,000)	(2,191,145)	(2,359,145)
Balance at 31 December 2018	851,578	8,151	448,000	2,598,809	3,906,538
Additions	-	-	-	1,060,357	1,060,357
Amortisation expense	-	-	(168,000)	(592,936)	(760,936)
Balance at 31 December 2019	<u><u>851,578</u></u>	<u><u>8,151</u></u>	<u><u>280,000</u></u>	<u><u>3,066,230</u></u>	<u><u>4,205,959</u></u>

Note 6. Current liabilities - borrowings

	Consolidated	
	Unaudited 2019 \$	2018 \$
Trade finance	140,000	-
Convertible notes - at fair value	1,102,777	-
	<u>1,242,777</u>	<u>-</u>

Convertible notes - at fair value

During the year, the Company issued convertible notes.

The notes can be converted to ordinary shares by the noteholder delivering a conversion notice to the Company and may convert all or part of the notes between the date of issue and 31 December 2021. A noteholder has no right to convert the notes unless and until the issuer obtains shareholder approval. If approved, the number of shares to be issued on conversion of the notes will be calculated by dividing the number of notes to be converted by \$0.15. Interest is payable on the notes at a rate of 10% per annum with interest accruing daily.

Note 7. Equity - issued capital

	Unaudited 2019 Shares	Consolidated 2018 Shares	Unaudited 2019 \$	2018 \$
Ordinary shares - fully paid	<u>163,060,417</u>	<u>103,248,334</u>	<u>21,544,095</u>	<u>18,553,963</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2018	24,406,218		4,200,100
Issue of shares on Initial Public Offering	22 February 2018	37,500,000	\$0.20	7,500,000
Issue of shares on conversion of convertible notes	22 February 2018	23,751,656	\$0.20	4,750,332
Salary sacrifice shares	22 February 2018	1,842,126	\$0.20	374,050
Shares issued to promoters of the Offer	22 February 2018	2,415,000	\$0.20	483,000
Issue of shares on capital raising	10 August 2018	13,333,334	\$0.15	2,000,000
Share issue transaction costs		-	\$0.00	(753,519)
Balance	31 December 2018	103,248,334		18,553,963
Issue of shares	1 August 2019	25,812,083	\$0.05	1,290,604
Issue of shares	24 September 2019	12,000,000	\$0.05	600,000
Issue of shares	5 November 2019	22,000,000	\$0.05	1,100,000
Share issue transaction costs		-	\$0.00	(472)
Balance	31 December 2019	<u>163,060,417</u>		<u>21,544,095</u>

Note 8. Loss per share

	Consolidated	
	Unaudited	
	2019	2018
	\$	\$
Loss after income tax attributable to the owners of Simble Solutions Limited	<u>(3,728,919)</u>	<u>(7,719,698)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>120,710,762</u>	<u>85,674,657</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>120,710,762</u>	<u>85,674,657</u>
	Cents	Cents
Basic loss per share	(3.09)	(9.01)
Diluted loss per share	(3.09)	(9.01)

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