

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three months ended 31 December 2024

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this Management Discussion and Analysis are forward-looking statements or information (collectively “forward-looking statements”). The Company is providing cautionary statements identifying important factors that could cause the Company’s actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “anticipates”, “is expected to”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “objective”, “goals” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Company. These forward-looking statements include, among other things, statements relating to the ability of the Company to generate revenue; use of funds; intentions to further develop, market and promote its operations by expansion of its merchant base and industries served in Australia; strategy for customer retention, growth, service development, market position and financial results; the success of marketing and sales efforts of the Company; the Company’s efforts to continuously update its software to meet business requirements; future sales plans and strategies; the economy and other future conditions; the timeline to further develop and market future enhancements; unanticipated cash needs and the possible need for additional financing and the adoption of governance policies, committees and practices.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Company to continue to generate revenue adequate to fund its business plans and operations; the ability of the Company to expand its operations in Australia; competitive conditions in the industry which could prevent the Company from continuing to be profitable; competition from other payment process providers who are well established with the financial capacity to overwhelm the ability of the Company to operate in Australia, security risks; increasing costs of being a publicly traded company, the possibility that our services may become further regulated; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company’s products and services; the inability to list on a public market; volatility of the Company’s share price following listing; liquidity and the inability to secure additional financing; the Company’s intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management and other factors beyond the Company’s control.

These forward-looking statements reflect management’s current views and are based on certain assumptions and speak only as of the date of this report, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See “*Risk Factors and Uncertainties*”.

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1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis (“MD&A”) is dated 31 March 2025 and should be read in conjunction with the audited financial statements of SQID Technologies Limited for the fiscal twelve months ended 31 December 2023 (“the Financial Statements”). The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Unless expressly stated otherwise, all financial information is presented in Australian dollars.

1.2 – Overall Performance

Nature of Business

The continuing activities of the Group include:

- the provision of merchant services and transaction processing solutions to business merchants and ecommerce customers across both Business to Business (B2B) and Business to Consumer (B2C) segments through its leading partner platform; and
- management of investments.

There were no significant changes to the nature of business during the reporting period.

1.3 – Selected Annual Information

	As at	December 31 2024	December 31 2023	December 31 2022
Current Assets		50,566	82,936	607,570
Non-Current Assets		25,191	75,568	200,220
Total Assets		<u>75,757</u>	<u>158,504</u>	<u>807,790</u>
Current Liabilities		34,704	58,406	476,952
Non-Current Liabilities		-	-	17,709
Shareholders' Equity		8,824,267	8,824,267	8,292,162
Retained Earnings / (Deficit)		(8,783,214)	(8,724,169)	(7,979,033)
Total Liabilities & Shareholders' Equity		<u>75,757</u>	<u>158,504</u>	<u>807,790</u>
	Years ended	December 31 2024	December 31 2023	December 31 2022
Revenue		196,513	263,661	175,023
Cost of Sales		-	-	-
Gross Profit		<u>196,513</u>	<u>263,661</u>	<u>175,023</u>
Other gains / (losses)		(50,374)	(106,273)	130,409
Operating Expenses		(216,647)	(282,391)	(752,506)
Income Tax (Expense)		-	-	-
Profit / (loss) for Period		<u>(70,508)</u>	<u>(125,003)</u>	<u>(447,074)</u>
Discontinued operations		11,463	(88,028)	(765,570)
Non controlling interests		-	-	-
Profit / (loss) attributable to SQID shareholders		<u>(59,045)</u>	<u>(213,031)</u>	<u>(1,212,644)</u>
Basic Earnings per Share		(0.00)	(0.01)	(0.03)
Diluted Earnings per Share		(0.00)	(0.01)	(0.03)
Weighted average number of ordinary shares outstanding		14,416,827	14,416,827	14,416,827

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1.4 – Results of Operations for the fourth quarter and ytd

Continuing operations compared to the previous corresponding period being December 2023(pcp)

Fourth quarter

Revenue from continuing operations was \$49,725 (pcp: \$78,106).

The loss from continuing operations was \$41,717 (pcp: \$110,207 profit).

Year to date

The net loss for the year to date was \$59,045 (2023: \$213,031) comprising a loss from continuing operations of \$70,508 (2023: \$125,003) and an income from discontinued operations of \$11,463 (2023: \$88,028 loss).

The loss from continuing operations includes:

- Revenue from contracts with customers \$196,513 (2023: \$263,661), and
- Total expenses \$216,647 (2023: \$282,391).

Lower reported revenue is attributed to on-going cost of living pressures affecting consumer discretionary spending levels.

As at 31 December 2024, the Group's cash and cash equivalents balance was \$33,394 (31 December 2023: \$65,368). The lower cash balance is largely attributed to the operating loss adjusted for non cash fair value losses.

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1.5 – Summary of Quarterly Results

Consolidated Balance Sheet as at	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
Assets								
Current Assets								
Bank	33,394	6,640	19,155	49,971	65,368	34,425	44,510	85,343
Accounts Receivable	16,064	17,166	17,053	15,783	17,568	27,169	20,062	238,470
Inventories	-	-	-	-	-	-	-	-
Other Current Assets	1,108	-	-	-	-	-	-	16,507
Assets held for sale	-	-	-	-	-	-	138,972	-
Total Current Assets	50,566	23,806	36,208	65,754	82,936	61,594	203,544	340,320
Non-Current Assets								
Fixed Assets	-	-	-	-	-	-	-	-
Investments accounted for using the e	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Security Bonds	-	-	-	-	-	-	-	-
Other Financial Assets	25,191	75,568	75,568	75,568	75,568	200,220	200,220	200,220
Deferred Tax Asset	-	-	-	-	-	-	-	-
Total Non-Current Assets	25,191	75,568	75,568	75,568	75,568	200,220	200,220	200,220
Total Assets	75,757	99,374	111,776	141,322	158,504	261,814	403,764	540,540
Liabilities								
Current Liabilities								
Accounts Payable	34,704	28,067	33,460	58,727	58,406	33,135	84,551	328,103
Contract liabilities	-	-	-	-	-	-	-	-
Merchant liabilities	-	-	-	-	-	18,374	18,374	18,374
Employee provisions	-	-	-	-	-	-	-	97,119
Assets held for sale - liabilities	-	-	-	-	-	-	363,930	-
Total Current Liabilities	34,704	28,067	33,460	58,727	58,406	51,509	466,855	443,596
Non-Current Liabilities								
Employee provisions	-	-	-	-	-	-	-	17,709
Total Non-Current Liabilities	-	-	-	-	-	-	-	17,709
Total Liabilities	34,704	28,067	33,460	58,727	58,406	51,509	466,855	461,305
Net Assets	41,053	71,307	78,316	82,595	100,098	210,305	(63,091)	79,235
Equity								
Share Capital	8,824,267	8,824,267	8,824,267	8,824,267	8,824,267	8,824,267	8,824,267	8,824,267
Reserves	-	-	-	-	-	-	(532,105)	(532,105)
Retained Earnings	(8,783,214)	(8,752,960)	(8,745,951)	(8,741,672)	(8,724,169)	(8,613,962)	(8,355,253)	(8,212,927)
Non controlling interests	-	-	-	-	-	-	-	-
Total Equity	41,053	71,307	78,316	82,595	100,098	210,305	(63,091)	79,235

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1.5 – Summary of Quarterly Results (continued)

Profit & Loss Quarters ended	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24	31 Dec 23	30 Sep 23	30 Jun 23	31 Mar 23
Revenue								
Revenue from contracts with customers	49,725	49,498	48,381	48,909	78,106	76,232	58,073	51,250
	49,725	49,498	48,381	48,909	78,106	76,232	58,073	51,250
Direct Costs	-	-	-	-	-	-	-	-
Gross Profit	49,725	49,498	48,381	48,909	78,106	76,232	58,073	51,250
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest Income	-	1	1	1	2	1	1	1
Government assistance_(inc R&D)	-	-	-	-	-	-	-	-
Share of profits of associates account	-	-	-	-	-	-	-	-
Other income	-	-	-	-	18,374	-	-	-
Fair value gains /losses	(50,377)	-	-	-	(124,652)	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Expenses								
Employee Benefits	-	-	-	-	-	-	-	-
Depreciation & Amortisation	-	-	-	-	-	-	-	-
Consultancy Fees	28,420	31,795	36,545	39,795	46,481	1,295	300	112,500
Director Fees	4,500	5,000	6,000	6,000	6,000	6,000	-	10,000
Professional Fees	2,500	11,250	117	11,250	19,162	13,700	12,596	14,764
Listing Expenses	4,090	4,681	8,023	6,922	7,233	3,421	7,628	7,206
IT & Hosting Costs	-	-	-	-	-	-	-	-
Other Expenses	1,555	3,782	1,976	2,446	3,161	3,380	4,963	2,601
Finance costs	-	-	-	-	-	-	-	-
Total Expenses	41,065	56,508	52,661	66,413	82,037	27,796	25,487	147,071
Profit / (loss) before Tax	(41,717)	(7,009)	(4,279)	(17,503)	(110,207)	48,437	32,587	(95,820)
Income Tax	-	-	-	-	-	-	-	-
Profit / (loss) after Tax	(41,717)	(7,009)	(4,279)	(17,503)	(110,207)	48,437	32,587	(95,820)
Discontinued operations	11,463	-	-	-	-	224,959	(174,913)	(138,074)
Non-controlling interests	-	-	-	-	-	-	-	-
Loss for SQID owners	(30,254)	(7,009)	(4,279)	(17,503)	(110,207)	273,396	(142,326)	(233,894)
Basic & Diluted Earnings per Share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	0.02	(0.01)	(0.02)

1.6 – Liquidity and Capital Resources

For the year ended 31 December 2024, the Group incurred a net loss of \$ 59,045 (2023 : \$ 213,031) comprising a loss from continuing operations of \$ 70,508 (2023 : \$ 125,003 loss) and profit from discontinued operations of \$ 11,463 (2023 : \$ 88,028 loss). Total net cash used in operating activities (continuing and discontinued) was \$ 31,974 (2023 : \$ 226,747). As at 31 December 2024 the Company had net current assets of \$ 15,862 (2023 : \$ 24,530) and total equity of \$ 41,053 (2023 : \$ 100,098).

These matters could indicate a material uncertainty of the group's going concern assumption.

The Directors have concluded that the going concern basis of accounting is appropriate, noting that based on the operating cashflow projections, the Company envisages being able to settle its obligations as and when they fall due.

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1.7 – Capital Resources – investments held

The Company holds 1,079,545 shares (3.77%) in Sienna Mining Limited which holds land positions in prospective uranium mining geology in Tanzania. The carrying value for the Sienna Mining Limited holding at \$ 25,191 or \$0.02 per share is in line with the most recent share issue.

The Company also holds:

- 4,260,000 fully paid ordinary shares at cost of \$0.0470 per share and 1,065,000 options in **Riva Technology and Entertainment Ltd** (RTE - formerly MSM Corporation International Limited). RTE is a digital media entertainment company that specialises in global gaming and Esports. The investment cost base is \$200,220, however after fair value losses booked in prior reporting periods the carrying value is \$nil, and
- a cryptocurrency under development investment through tagSpace. The investment cost base is \$100,000; however, this carrying value is \$nil after impairments booked in prior reporting periods

The Company continues to monitor the holdings and engages with management of the investment entities.

1.8 – Off Balance Sheet Arrangements

As at 31 December 2024, there were no off-balance sheet arrangements.

1.9 – Transactions with Related Parties

The Company had the following balances and transactions with key management personnel (directors and executive officers), or companies controlled by these persons and other related parties for the three months ended 31 December 2024 and 31 December 2023 and outstanding payables as at 31 December 2024 and 31 December 2023:

Transactions	31 Dec 2024	31 Dec 2023
Executive remuneration		
Sqid Technologies Limited - non-executive director remuneration ⁽¹⁾		
Andrew Sterling	4,500	6,000
Michael Clarke	4,500	6,000
Other key management personnel short term benefits ⁽¹⁾		
Athan Lekkas – CEO & Chair	11,250	14,035
Mark Pryn (Baudin Consulting Pty Ltd) – CFO	8,125	9,500
Ben Dixon ⁽²⁾	-	12,035
Balances – Accounts Payable	31 Dec 2024	31 Dec 2023
Athan Lekkas	3,750	5,000
Andrew Sterling	1,650	2,200
Michael Clarke	1,500	2,000
Mark Pryn (Baudin Consulting Pty Ltd)	1,890	2,977
Ben Dixon	-	2,000

⁽¹⁾ All key management personnel (executives and directors) invoice for their services monthly in arrears. The invoices are generally paid in full in the following month.

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⁽²⁾ With effect from 10 January 2024, Ben Dixon was no longer considered to be a related party. He resigned as a director of Icon Esports Pty Ltd (ICON) effective 10 August 2023 being the date SQID completed the sale of ICON.

1.10 Subsequent Events

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

1.11– Fourth Quarter (Q4) –refer to 1.4 above

1.12 – Proposed Transactions

Nil

1.13(a) – Critical Accounting Estimates

Refer to Note 2 to the 2024 Annual Financial Report.

1.13(b) Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)

Nil

1.14 (a) Fair value measurement

Refer to Note 12 to the 2024 Annual Financial Report.

1.14 (b) – Financial Instruments and Other Instruments

Refer to Note 11 to the 2024 Annual Financial Report.

1.15 – Other MD&A Requirements

Share Capital

Refer to Note 11 to the 2024 Annual Financial Report.

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RISK FACTORS AND UNCERTAINTIES

Refer to the Director's report forming part of the 2024 Annual Financial Report.

APPROVAL

The Board of Directors of the Company approved the disclosure contained in this MD&A on 31 March 2024.