

This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

NON-OFFERING PROSPECTUS

DATED: DECEMBER 18, 2019



SQID TECHNOLOGIES LIMITED

63 Westgate Street, Wacol, Queensland 4076 Australia

No securities are being offered pursuant to this Prospectus.

This non-offering prospectus (the “**Prospectus**”) of SQID Technologies Limited (the “Company” or “SQID”) is being filed with the British Columbia Securities Commission (the “BCSC”). The filing is to comply with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* (the “CSE”) in order for the Company to meet one of the eligibility requirements for the listing of the Ordinary Shares on the CSE by becoming a Reporting Issuer as defined herein, pursuant to the applicable securities legislation in the Province of British Columbia. Upon receipt of this Prospectus by the BCSC, the Company will become a Reporting Issuer in British Columbia.

No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is no market through which the securities of the Company may be sold and holders of the Company’s securities may not be able to resell any such securities. This may affect the pricing of the Company’s securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of Company regulation. See “Risk Factors”.

The CSE has conditionally approved the listing of the Ordinary Shares on the CSE. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including the distribution of the Ordinary Shares to a minimum number of public shareholders and the Company meeting certain financial and other minimum listing requirements.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under the heading “*Risk Factors*” before purchasing any securities of the Company. See “*Risk Factors*”.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of its contents.

No person has been authorized to provide any information or to make any representation not contained in this Prospectus

and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Unless otherwise noted all currency amounts in this Prospectus are stated in **Australian dollars**.

Enforcement of Judgments

The Company and First Growth Funds Limited, (the promoter of the Company) are incorporated in and resident of Australia and their respective directors and executive officers are also resident in Australia. The directors and executive officers of the Company are: Peter Hall, Andrew Sterling, Michael Clarke, John O'Connor, Lee Horobin, Robyn Gunnis. The directors and executive offices of First Growth Funds Limited are Anoosh Manzoori, Athan Lekkas, Michael Clarke, Geoff Barnes and Mark Pryn. The Company, First Growth Funds Limited and their respective directors and executive officers have appointed the following agent for service of process in British Columbia:

Name of Person or Company	Name and address of Agent
Joanne McClusky Barrister & Solicitor	#390-825 Homer Street, British Columbia V6B2W2

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in courts in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Except as otherwise indicated or the context otherwise requires in this Prospectus, reference to “the Company” or “SQID” refers to SQID Technologies Limited and its subsidiary companies, SQID Payments Pty Ltd. and EFT Managed Services Pty Ltd.

Capitalized terms, except as otherwise defined herein, are defined in the section entitled “Glossary of Terms”.

An investor should rely only on the information contained in this Prospectus. We have not authorized any other person to provide investors with additional or different information. If anyone provides investors with additional, different, or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it. **The Company is not making an offer to sell or seeking offers to buy Ordinary Shares or other securities of the Company.** Investors should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery. The Company’s business, financial conditions, results of operations and prospects may have changed since that date.

Third Party Information

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry, and economic data are accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry, and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy of such information.

CURRENCY

Unless stated otherwise, all dollar amounts in this Prospectus are expressed in Australian dollars and references to \$ are to Australian dollars. As at June 30, 2019, the exchange rate was 1.08. AUD \$1.08 equalled Cdn \$1.00. As at the date of this prospectus, the exchange rate was AUD \$.00 equals Cdn \$**.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus 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”, “goals”, “objective” 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 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.

Further, any forward-looking statement speaks only as of the date on which such statement is made, 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*".

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Company and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

<p>Business of the Company</p>	<p>SQID is a payment processor (“Payment Processor”). “Payment Processors” enable merchants to receive debit or credit card payments online by providing a connection to an “Acquirer”. An “Acquirer” is a registered member of a card network such as Visa or MasterCard (“Card Network”). The “Acquirer” accepts transactions on behalf of a “Card Network” for a merchant.</p> <p>The “Card Network” connects “Acquirers” to a customer’s bank (“Issuing Bank”) so that a customer transaction can be verified. When a customer uses a debit or credit card for a purchase, the “Acquirer” will approve or decline the transactions based on the information the Card Network and Issuing Bank have on record about that cardholder’s account. The merchant submits the purchase transaction information to the payment processor (“SQID”) used by its “Acquirer” via a payment gateway (SQID’s software that facilitates the communication of transaction information.</p> <p>As a “Payment Processor”, SQID has contracts with merchants to handle transactions from various channels such as credit and debit cards. SQID provide merchant services and transaction processing to business merchants, ecommerce platforms, charities and community organisations. The Company receives a merchant fee, which is a percentage of the transaction value and also in some cases, a fee per transaction.</p> <p>SQID’s technology is structured to allow layered access to payment and merchant transactions data. As an example, payments through franchisees (referred merchants) under a franchisor (referring merchant). The business model integrates these retail and wholesale layers and provides split settlements between each layer. This allows the franchisor to receive settlements in parallel to the franchisee. This provides a platform for commission structures and transaction based rewards that are settled at the same time as the underlying transaction is settled. The model is applicable to affiliate marketing, rewards programs, franchises, marketplace apps, agencies, etc.</p> <p>See “<i>Description of the Business</i>” and “<i>Risk Factors</i>” for a more detailed discussion of the business.</p>
<p>Market and Competition</p>	<p>The Company currently operates exclusively in Australia. Its competitors include substantially larger companies that are dominant players in the payment processing industry that have lead to high levels of saturation. Some of these dominant players are Stripe, Square and PayPal. For further details, see “<i>Description of the Business</i>” and “<i>Risk Factors</i>”.</p>
<p>Directors and Executive Officers</p>	<p>Peter Charles McLean Hall - CEO, director Andrew Scot Sterling - director John Maxwell O’Connor- director Michael Raymond Clarke – director Lee Francis Horobin– CFO and Corporate Secretary Robyn Joy Gunnis – COO See “<i>Directors and Executive Officers</i>” and “<i>Promoters</i>” for more information</p>

Use of Funds	Estimated Funds Available and Use of Funds	
	No securities are offered pursuant to this Prospectus. This Prospectus is filed with the BCSC for the purpose of allowing the Company to become a reporting Company in British Columbia and to enable the Company to develop an organized market for its Ordinary Shares. Since no securities are offered pursuant to this Prospectus, no proceeds will be raised. All expenses incurred in connection with the preparation and filing of this Prospectus are being paid by the Company from general corporate funds. As of November 30, 2019 the Company had approximately \$2,005,326 in working capital. These funds are revenue from operations.	
	Estimated Funds Available: The estimated funds available to the Company in the next 12 months are as follows:	Amount
	Source of Estimated Funds Available	
	Working Capital as at November 30, 2019	2,005,326
	Total	2,005,326
	<u>Use of Available Funds:</u> The intended uses of the estimated available funds are as follows:	
	Principal Purpose	Estimated C
	Listing on the CSE	20,000
	General and administrative expenses (see table below for a detailed breakdown of these expenses)	1,444,416
Strategic Partnerships regarding expansion of the merchant base and industries served ⁽¹⁾	300,000	
Unallocated	240,910	
Total	2,005,326	
<p>⁽¹⁾ SQID will allocate the funds for Strategic Partners aligning our relationship payments platform to invest in referrer/referred merchant business models. This is where we engage with one merchant who refers to many, with each merchant, both the referrer and the referred merchants, having a direct relationship with SQID. To grow in this space SQID must engage with the referring merchant, supporting them with collateral and resource to facilitate the relationship to deliver the flow of referred merchants through their platform.</p>		
General and Administrative Expenses	Monthly Amount (\$)	Annual Amount (\$)
Legal	2,852	34,224
Patent	1,000	12,000
Audit	4,167	50,000
Rent	3,333	40,000
Office and miscellaneous	5,000	60,000
Travel and promotion	8,333	99,996
CSE monthly listing fees	800	9600
Executive fees	36,667	444,004
Salaries & Wages	36,322	435,864
Hosting	6,625	79,500
Directors fees	15,000	180,000
Annual filing fees	269	3,229
Total	120,368	1,444,416
<ul style="list-style-type: none"> • Current executive fees for the three NEO is \$440,000. <p><i>The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a</i></p>		

	<p><i>number of factors including those listed under the heading “Risk Factors. For example, payments regarding liabilities incurred outside of Australia, the amount set out above may vary depending on fluctuations in currency rates. As a specific example, the monthly fee due to the CSE is CDN\$650. The monthly figure for this amount set out in the table above is AUD\$800.</i></p> <p>For a more detailed discussion on the Company’s available funds, see “<i>Description of the Business</i>” and “<i>Use of Available Funds</i>”. The Company expects its revenue from operations will be adequate to funds its operations this year and beyond, subject to unforeseen events and additional funds that may be required to fund the expansion of its merchant base and industries served. See “<i>Description of the Business -Business Objectives</i>” and “<i>Risk Factors</i>”.</p>
Summary Financial Information of the Company	<p>The Company’s fiscal year end is June 30. The following is a summary of the financial data of the Company for the three months ended September 30, 2019 and September 30, 2018 and the financial years ended June 30, 2019, 2018 and 2017. The summary should be read in conjunction with: (i) the unaudited financial statement and MD&A for the three months ended September 30, 2019 and September 30 2018 attached as Schedules “A-1” and “A-2” to this Prospectus; and (ii) the audited financial statements and MD&A for the two years ended June 30, 2019 and 2018 that are attached as Schedule “B-1” and “B-2” to this Prospectus. See “<i>Selected Financial Information and “Management’s Discussion and Analysis</i>”.</p> <p>The year end is changing from June 30 to December 31 effective December 31, 2019.</p>

Statement of Operations	Three months ended Sept. 30, 2019 (Unaudited) (\$)	Fiscal Year Ended June 30, 2019 (audited) (\$)	Fiscal Year Ended June 30, 2018 (audited) (\$)	Fiscal Year Ended June 30, 2017 (audited) (\$)
Revenue	1,719,261	5,403,525	3,137,073	2,256,258
Expense	1,662,931	4,596,132	2,687,701	733,149
Net income (loss)	56,330	807,393	449,372	1,523,109
Net income (loss) per Ordinary Share	0.01	0.05	0.03	0.11
Weighted average number of Ordinary Shares outstanding*	8,237,676	16,475,298	13,775,298	13,775,298
Balance Sheet				
Total assets	6,371,159	4,249,301	2,917,421	2,199,799
Short term liabilities	3,728,904	1,663,376	1,154,230	885,980
Long term liabilities	Nil	Nil	Nil	Nil
Shareholder’s equity	2,642,255	2,585,925	1,763,191	1,313,819
Cash dividends declared per Ordinary Share	0	0	0	0
*The Ordinary Shares were consolidated on September 5, 2019 on the basis of one new Ordinary Share for two old Ordinary Shares.				

Business Objectives	Based on the estimated funds that the Company believes will be available to it over the next 12 months, the Company plans to achieve the business objectives set out below.	
Objective	Estimated Time	Estimated Cost (\$)
<i>Obtain a listing of the Ordinary Shares on the CSE</i>	One month from the date of issue of a Receipt by the BCSC for the Company's Final Prospectus.	20,000
Strategic Partnerships regarding expansion of the Merchant Base and Industries Served	Monthly for 12 months	300,000
<i>Listing</i>	The CSE has conditionally approved the listing of the Ordinary Shares on the CSE. Listing is subject to the Company fulfilling all of the listing requirements of the CSE, including the distribution of the Ordinary Shares to a minimum number of public shareholders and the Company meeting certain financial and other minimum listing requirements.	
<i>Risk Factors</i>	<p>Investment in the Company involves a substantial degree of risk and must be regarded as highly speculative due to the nature of the Company's business and its present stage of development. Investors should carefully consider, in addition to matters set forth elsewhere in this Prospectus, the risks described under "Risk Factors", which are summarized below.</p> <ul style="list-style-type: none"> • The Company's business is dependent on its two agreements with two "Acquirers", "Westpac" and "Merchant Warrior". • The management of the Company may not be successful in managing the business and the Company may fail as a result. • The Company may experience an inability to attract or retain qualified personnel. • Subsequent issues of Ordinary Shares by the Company will dilute your shareholdings. • Future sales of Ordinary Shares by existing shareholders could cause the share price to fall. • There can be no assurance that the Company's business and strategy will enable it to sustain profitability in future periods. • The Company's information technology systems are subject to disruption, damage or failure from a number of sources. This may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. • Legal proceedings may arise from time to time in the course of the Company's business. • The Company may experience significant fluctuations in its quarterly and annual results of operations for a variety of reasons, many of which are outside of the Company's control. • The Company may be subject to potential conflicts of interest. • The Company's projects may be adversely affected by risks outside the control of the Company. • The Company's plans for the next 12 months to successfully expand its merchant base and industries serviced may be unsuccessful. • There can be no assurance that variations on the CSE will not affect the price of the Company's securities in the future and that the price of the Ordinary Shares will not decrease after listing on the CSE. • There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Ordinary Shares and the ability of an investor to dispose of the Ordinary Shares in a timely manner, or at all. • As a reporting company, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies, which may divert management's attention. <p>This information is presented as of the date of this Prospectus and is subject to change, completion, or amendment without notice. See "<i>Description of the Business</i>", "<i>Directors and Executive Officers – Conflicts of Interest</i>", "<i>Available Funds</i>" and "<i>Risk Factors</i>".</p> <p><i>An investment in the Ordinary Shares is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Ordinary Shares. See "General Description of the Business" and "Risk Factors".</i></p>	

GLOSSARY

“\$” means Australian dollars.

“Act” means the Australian Corporations Act 2001 (Cth).

“**Acquiring Bank**” is a registered member of a card network such as Visa or MasterCard (“Card Network”). The Acquiring Bank accepts transactions on behalf of a Card Network for a merchant.

“**Acquirer**”, also known as a merchant acquirer means a financial institution (such as Westpac and Merchant Warrior) that processes credit and debit card transactions on behalf of merchants.

“ASX” means the Australian Stock Exchange.

“**Audit Committee**” means the audit committee of the Company in accordance with NI 52-110.

“**Auditors**” means Pitcher Partners, Chartered Accountants.

“B.C.” means the province of British Columbia.

“BCSC” means the British Columbia Securities Commission.

“**Board**” means the Board of Directors of the Corporation.

“**Card Network**” means the VISA, Mastercard, American Express and Discover credit card networks. A credit card network determines the interchange or swipe fees, where their partnered credit cards can be used and facilitate payments made from each credit card user to the merchant through the bank. The *Card Network* connects *Acquiring Banks* to a customer’s bank (“*Issuing Bank*”) so that a customer transaction can be verified.

“**Card Payment Gateway**” means a merchant service provided by a e-commerce service provider (such as Merchant Warrior and Westpac) that authorizes credit card and direct payments processing for e-business, online retailers, and traditional bricks and mortar retailers.

“CEO” means Chief Executive Officer.

“CDN\$” means Canadian dollars.

“CFO” means Chief Financial Officer.

“COO” means Chief Operating Officer.

“**Company**” means SQID Technologies Limited and its two wholly owned subsidiaries, SQID Payments Pty Ltd. and EFT Managed Services Pty Ltd.

“CSE” means the Canadian Securities Exchange.

“**Computershare**” means Computershare Investor Services Ltd., the registrar and transfer agent for the Company.

“**Escrow Agent**” means Computershare Investor Services Ltd.

“**Escrow Agreement**” means the Form 46-201 escrow agreement dated December 13, 2019 among the Company, the Escrow Agent and certain shareholders of the Company.

“**Financial Statements**” means the Company’s unaudited quarterly financial statement and the related notes thereto for the three months ended September 30, 2019 and September 30, 2018 and the annual audited financial statements and the related notes thereto as at June 30, 2019 and 2018.

“**IFRS**” means International Financial Reporting Standards.

“**Listing**” means the date that the Ordinary Shares are first listed for trading on the CSE.

“**Listing Date**” means the date of listing.

“**MD&A**” means Management’s Discussion and Analysis.

“**Merchant Warrior**” means SR Global Solutions PTY Ltd. trading as Merchant Warrior;

“**Merchant Warrior Agreement**” means an agreement dated August 29, 2019 among SQID Payments Ltd. and SR Global Solutions PTY Ltd. trading as Merchant Warrior;

“**NEO**” means “Named Executive Officer”, and has the meaning ascribed by the BCSC in Form 51-102F6, as follows:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6), for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

“**NI 52-110**” means National Instrument 52-110 Audit Committees.

“**NI 58-101**” means National Instrument 58-101 Disclosure of Corporate Governance Practices.

“**NP 46-201**” means National Policy 46-201 Escrow for Initial Public Offerings.

“**NP 58-201**” means National Policy 58-201 Corporate Governance Guidelines.

“**Ordinary Shares**” means the ordinary shares of the Company. See “*Description of the Securities*” for a description of the rights and restrictions attached to the Ordinary Shares.

“**Person**” means a Company or individual.

“**Public Company**” means a company described in the Corporation Act, 2001(Cth) as a company included in the official list of a prescribed financial market, which includes the ASX.

“**Prospectus**” means the preliminary prospectus and final Prospectus of the Company.

“**Reporting Issuer**” means, inter alia, a company that has issued securities in respect of which a prospectus was filed and a receipt was issued by a securities Commission of a province in Canada, has any securities that have been listed and trading on an exchange in Canada or completed a takeover with a listed Company.

“**Receipt**” means a receipt issued by the BCSC providing approval to a prospectus.

“**Transfer Agent Agreement**” means the Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated August 26, 2019 between the Company and Computershare Investor Services Inc.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**SQID Payments**” means SQID Payments PTY Ltd. a wholly owned subsidiary of the Company;

“Westpac Agreement” means an agreement dated January 9, 2009 with Westpac, and QPay Pty Ltd. and a novation agreement dated December 12, 2013 among Westpac, QPay Pty Ltd. and SQID Payments Pty Ltd.

“Westpac” means Westpac Banking Corporation, an Australian bank and financial services provider headquartered in Sydney Australia.

CORPORATE STRUCTURE

Name, address and Incorporation

The Company's name is SQID Technologies Limited. Its head office and registered offices are located at 63 Westgate Street, Wacol, Queensland, Australia 4076. The Company was incorporated on September 8, 2006 under the *Act*. ACN*121 655 472 with the name QPAY Holdings Ltd. On December 8, 2015, its name changed to SQID Technologies Limited.

The Company has one active wholly owned operating subsidiary, SQID Payments Pty Ltd. ACN 166 730 310 incorporated 12 Nov 2013 and one inactive wholly owned subsidiary EFT Managed Services Pty Ltd. ACN 169 695 443, incorporated on May 22, 2014. Both companies were incorporated under the *Act*.

*ACN means Australian company number.

GENERAL DEVELOPMENT OF THE BUSINESS

The Business

The Company developed its unique patented software for payment processing in 2006 and has operated under its current business model since 2014. The Company is a Payment Processor and operate as a relationship payment provider and payment facilitator for credit card purchases and bank transfers ("*Transactions*"). The Company's legacy software has evolved since 2006 to keep up with the continuous changes in technology. Although the Company no longer relies completely on the technology protected by its patents, they are still important for the protection of the Company's core software code which is essential to the delivery of Transactions.

Bankruptcy, Receivership, Receiverships, Restructuring

There have not been any bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings, material restructuring transactions by the Company or any of its subsidiaries, any within the two most recently completed financial years.

Social, Environmental Policies, Seasonal Issues

There are no social and environmental policies or seasonal and environmental issues that have or are expected to affect the Company and its business.

Material Restructurings

There have not been any material restructuring of the Company in the last three years.

Acquisition

There have not been any acquisitions. The Company is open to acquisitions that support SQID's core business and strategy.

Trends

The growth of mobile and application use is driven by the rise of entrepreneurs in businesses wanting to disrupt their legacy operations. A legacy operation is a software program that is outdated or obsolete. The challenge is to keep the legacy application running, while converting it to new, more efficient code that makes use of current technology and programming language. This is where opportunity lies for SQID. SQID is proactively and continuously updating its software to incorporate new codes, technology and programming language while ensuring it is agnostic. Agnostic in an information technology (IT) context refers to technology that is sufficiently generalized to be operable among various systems. SQID proactively monitors on an ongoing basis the developing trends in agnostic payment integration, biometrics, blockchain, peer to peer payments and cryptocurrency as they apply to the Company's software to ensure the software is updated in-house, in a timely, agnostic manner. This approach applies to potential acquisitions, partners and subsidiaries.

As an e-commerce payment facilitator, the Company is subject to the cycles of the financial markets as they relate to junior companies. Current global financial and economic conditions can be unpredictable. Many industries are

impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk; devaluations and high volatility in global equity, commodity, foreign exchange and monetary markets and a lack of market liquidity. Such factors may impact the Company's ability to operate, expand operations and obtain financing on favorable terms or at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted. See "Risk Factors".

DESCRIPTION OF THE BUSINESS

Overview

The Company has developed software technology ("Technology") to operate as a *Payment Processor* and acting as a relationship payment provider and payment facilitator for credit card purchases and bank transfers. This is particularly relevant in environments where remote payments for goods and services are made for financial services and electronic payments.

Three Year Operating History

In the three fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 the Company has been operating as a *Payment Processor* in Australia.

The business has evolved over the last three years following a restructure in 2014 to establish itself as a relationship payment provider and payment facilitator in the Payment Processing industry, which specializes in delivering ecommerce solutions to businesses that have their 'card-not-present' commercial outcomes dependent on two or more businesses. This has delivered sizeable growth in revenue as the model is based on engaging one referrer who then refers additional merchants.

The Company has concentrated on building relationships with merchants and providing incentives to merchants for referrals to new business opportunities. This has resulted in the growth level experienced with minimal overhead and resources.

Explanation of the Payment Process

A merchant must work with an Acquiring Bank, which is a bank or financial institution that accepts credit or debit card transactions for a cardholder ("*Acquiring Bank*"). The *Acquiring Bank* issues a specific merchant account number to a merchant enabling the merchant to accept credit and debit cards from shoppers. An *Acquiring Bank* is a registered member of a card network such as Visa or MasterCard ("*Card Network*"). The *Acquiring Bank* accepts transactions on behalf of a *Card Network* for a merchant.

Payment processors enable merchants to receive debit or credit card payments online by providing a connection to an *Acquiring Bank*. The *Card Network* connects *Acquiring Banks* to a customer's bank ("*Issuing Bank*") so that a customer transaction can be verified. When a customer uses a debit or credit card for a purchase, the *Acquiring Bank* will approve or decline the transactions based on the information the *Card Network* and *Issuing Bank* have on record about that cardholder's account. The merchant submits the purchase transaction information to the *Payment Processor* ("*SQID*") used by its *Acquiring Bank*, via a payment gateway (SQID's software that facilitates the communication of transaction information). Assuming approval, the amount of the transaction is deducted from the cardholder's account and the cardholder is given a receipt.

Process Payment Agreements

The Company's subsidiary SQID Payments has two agreements with two "Acquirers" and "Card Payment Gateways", "Westpac" and "Merchant Warrior". Westpac is also a bank. The Company has established settings in its software to determine which of the "Acquirers" is chosen for each merchant. "Westpac" and "Merchant Warrior" are two of the largest "Acquirers" and "Card Payment Gateways" in Australia, both of whom operate internationally and either of them can manage the Company's transactions.

(1) ***Westpac Agreement***

“Westpac” is located in the city of Sydney, New South Wales, Australia. The Company’s subsidiary, QPay signed an agreement called the Aggregator Master Merchant Business Solution Card Acceptance Agreement dated January 29, 2009 with “Westpac”. Pursuant to a Deed of Novation dated December 12, 2013 among “Westpac”, “QPay” and “SQID Payments”, QPay was replaced by SQID Payments as the contracting party to the “Westpac Agreement”. Both of the agreements are referred to as the “Westpac Agreement”.

The “Westpac Agreement” reflects the terms of Westpac’s license with cardholders such as Visa and Mastercard based on the card scheme rules of Visa and MasterCard, which are set from time to time, (the “Card Scheme Rules”). “Westpac” is obligated to make its agreements with its payment processors (“SQID”) reflect the “Card Scheme Rules”. The “Westpac Agreement” therefore contains standard mandatory terms for banks carrying out their role in the payment process system. SQID and Westpac do not have any ability to amend the “Card Scheme Rules”.

“Westpac” must provide written consent to any change of the ownership of Sqid Payments, its principal business activities, type of goods or services supplies to the sub-merchant and those supplied by the sub-merchants to its customers and any assignment of the “Westpac Agreement”. “SQID Payments” is a wholly owned subsidiary company of SQID and the operating company for the Company’s business. As a result there will not be any change of ownership “SQID Payments”.

The “Westpac Agreement” authorizes its Merchant Facility to be available to “SQID Payments” to enable Sub-Merchants to accept payments using credit cards or debit cards.

The “Westpac Agreement” provides for variation such as new fees or changes, new government charges and any other variation (“Variation”). “Westpac” can also unilaterally change the terms and conditions of the “Westpac Agreement” at any time and notify “SQID Payments”. No changes have been made to the terms and conditions. “Variations” have been made by “Westpac”. “SQID Payments” is responsible for ensuring that Sub-Merchants are notified of any changes arising from a “Variation”. Use of the Merchant Facility by the Sub-Merchants following a “Variation” is deemed acceptance.

Since 2009 “Variations” have been made in processing methods, card scheme rules, risk management practices, reporting and onboarding of merchants as technology has evolved and as required by the Card Network and Westpac.: Westpac sends out guidelines with the Variations. An example is that Visa banned online pharmaceuticals and advised “Westpac” (as their Acquirer) who advised SQID Payments that online pharma had been moved to the “prohibited” category. If there is a change required by the “Card Scheme” with a specified time frame, “Westpac” and the Company work out a time frame to implement the change. If there is a policy change from “Westpac”, “Westpac” and the Company also work out a time frame.

The Company’s compliance with any “Variation” from “Westpac” is required in order for SQID to continue to function in reliance on its arrangement with “Westpac”.

Practices that have evolved:

- (i) SQID operates one merchant facility covering all sub-merchants within a sub-industry.

This has evolved by Westpac not issuing new IDs where SQID already has one in that industry category.

- (ii) onboarding of new sub-merchants is governed by categories of prohibited merchants, merchants requiring Westpac consent and merchants which do not require Westpac consent.

This list is updated by Westpac in response to guidance from the Card Scheme.

- (iii) Credit card authorizations do not always take place prior to a sale.

The concept of card authorization is outdated and all transactions are within the online transaction process and not separately as was the case 10 years ago.

- (iv) Verification of the identities of the sub-merchants rather than cardholders.

The Know Your Customer process is performed by SQID on each sub-merchant. There is an obligation that these merchants know who their customer is and hence take responsibility if there is a chargeback. Fraud management tools are evolving that are shifting this liability from the merchant and moving it to the cardholder. On physical terminals the best example of this is the embedded chip and PIN, where if there is fraud, it is the cardholder's problem for not keeping their PIN secret.

- (v) Storage by SQID and each sub-merchant of encrypted cardholder data rather than names.

This is a result of tech improvements and the universal introduction of and improved standards of encryption and an example of old methods being replaced by new industry practices.

- (vi) Westpac charges a fixed base percentage fee and additional interchange and scheme fees.

The original fee structure was a blended rate. Westpac phased in a change to fees and SQID changed its structure to its merchants to match these changes.

“SQID Payments” and “Westpac” have been in informal discussions regarding updating the “Westpac Agreement” to align it more closely with current practices in respect of transactions processing methods, Card Scheme Rules, risk management practices reporting and onboarding of merchants. SQID does not anticipate a new agreement being entered into within the next 12 months or longer as making such changes by Variations is working well. “Westpac” can unilaterally amend the “Westpac Agreement” and terminate it for no reason. SQID expects “Westpac” to retain their right to terminate for convenience at any time. A new agreement would be expected to contain similar onerous provisions for SQID, given the “Westpac Agreement” is one of the two agreements that are key to the operation of SQID's business and having regard to the services being provided by “Westpac”. The Company has not received any indication from “Westpac” that it plans to terminate the “Westpac Agreement”. Given the continuous reporting obligations owed by SQID to “Westpac” and the common commercial interest of both SQID and “Westpac”, the Company's Board of directors have no reason to believe that SQID Payments' relationship with “Westpac” will not continue to operate in the manner it now does.

Regular reporting obligations include reports about the level of prepayment exposure and “Westpac” determines the quarantined reserve funds (currently \$185K cash) that are held as part of the fixed amount for a General Security Agreement (currently \$250K) granted by the Company to “Westpac”.

The Company also retains merchant reserves as a bond form merchants based on risk and prepayment exposure determined by the Company.

There is proactive management by both SQID and “Westpac” that has resulted in the successful processing of transactions from 2009 to the present.

- From 2009 to June 30, 2018, 906,000 transactions with a value of \$154,000,000 were processed.
- During the year ended June 30, 2019, 794,000 transactions were processed with a value of \$163,000,000.
- Total aggregate transactions from 2009 to June 30, 2019 is 1,700,000 with an aggregate value of \$317,000,000.

“Westpac” approves any sub merchants who are required to have accounts and contracts with “Westpac”. “Westpac” charges a fixed percentage on the dollar value of each transaction and “SQID Payments” pays a nominal fee for new sub-merchant applications and chargebacks.

SQID has given a broad indemnity to “Westpac” for all requirements of its agreement with “Westpac” and the obligations of the sub-merchants to “Westpac” on a full indemnity basis. The following is a brief summary of the Company's obligations and liabilities:

- (i) maintain an aggregator account with “Westpac”;
- (ii) maintain all connections between “SQID Payments” and each sub-merchants website and “Westpac” and the security of the connections,
- (iii) conduct due diligence on all sub-merchants to ensure they are “Westpac” approved businesses and can satisfy the obligations and responsibilities under the “Westpac Agreement” and warrant same to “Westpac”,
- (iv) ensure compliance by the sub-merchants with their agreement with “Westpac” and “Westpac” rules,
- (v) compliance by the Company and sub-merchants with the “Card Scheme Rules”,
- (vi) the Company is responsibility for the sub-merchant actions, omissions and debts due by merchants to “Westpac”. SQID retains merchant reserves as a bond from merchants based on risk and prepayment exposure (currently AUD\$640,000),
- (vii) inspect data breaches of the sub-merchants and ensure inspections and monitoring of sub-merchant account by “Westpac”,
- (viii) resolving all disputes with cardholders,
- (ix) sub-merchant compliance with policies for exchanges, return of merchandise, credit and delivery of goods

(2) Merchant Warrior Agreement

“Merchant Warrior” is located in the city of Brisbane, Queensland, Australia and is an “Acquirer” and “Card Payment Gateway”, providing electronic commerce transactions services for fixed fees. “SQID Payments” signed an agreement dated August 29, 2019 with Merchant Warrior called the Settlement Agent Agreement, (the “Merchant Warrior Agreement”). The following is a brief summary of the Company’s obligations and liabilities:

- (1) responsible for vetting the sub-merchants who will utilise the services,
- (2) the sole point of contact for all matters regarding the services and ensure all necessary contracts are in place,
- (3) subject to “Merchant Warrior” amending any policy in relation to the services to improve security, efficiency or performance in delivery of the services,
- (4) responsible for maintaining security of all information and compliance by it and its sub-merchants with the “Card Scheme Rules”,
- (5) termination by “Merchant Warrior” of the “Merchant Warrior Agreement” on 30 days if SQID is in non-compliance with any material terms of the “Merchant Warrior Agreement”, on 90 days for specified reasons, insolvency, non-compliance with the “Card Scheme Rules” and security requirements, change in the holder of the controlling interest in “Merchant Warrior”,
- (6) maintaining the security of all confidential information,
- (7) providing reasonable access to SQID personnel and equipment to discuss and assess any problems or request for assistance
- (8) indemnifying “Merchant Warrior” against all liabilities and expenses of any kind as a result of breach of the “Merchant Warrior Agreement”,
- (9) provide a security deposit of \$50,000 which must be maintained at that level at all times or a bank guarantee or deposit bond for the same amount payable on demand,
- (10) achieve at least 80% of minimum transactional volumes as follows:

Forecast Volume per Day

Milestone periods	At 6 months	At 12 months	At 18 months
Total sales volume achieved	\$500,000	\$1,000,000	\$1,500,000

If the Company fails to meet the required threshold, “Merchant Warrior” may review the performance, subject to force majeure event. The Company often has transactions of \$200,000 a day from one merchant so believes meeting the milestones will not be an issue.

“Merchant Warrior’s” aggregate liability is limited, in its discretion to replacement or repair of the services, refunding payments made by clients for services. Neither party is responsible for consequential losses. Dispute resolution is by arbitration of the courts.

Fraud Issues

It is difficult and often impossible to obtain a firm guarantee that the person initiating the transaction is the account holder and is authorized to conclude the transaction. With a stolen credit card, a merchant’s comparison of a signature on the credit card to the signature of the customer is irrelevant. In the online environment or over the telephone, the customer’s signature cannot be verified. If a card is stolen or there has been unauthorized access to the financial records of the account holder, requiring the purchaser to provide a Card Verification Value Code (CVV) or password or pin number, which is not part of the card number, is ineffective to stop fraud. See *Risk Factors* regarding fraud, cybersecurity and money-laundering.

SQID’s Technology

SQID’s technology is structured to allow layered access to payment and merchant transactions data such as payments through franchisees (referred merchants) under a franchisor (referring merchant). The business model integrates these retail and wholesale layers and provides split settlements between each layer. This allows the franchisor to receive settlements in parallel to the franchisee. This provides a platform for commission structures and transaction-based rewards that are settled at the same time as the underlying transaction is settled. The model is applicable to affiliate marketing, rewards programs, franchises, marketplace apps, agencies, etc.

Dynamic Onboarding also allows the referring merchant (like a franchisor) to onboard the merchant (referred merchant) applicant data to SQID at the same time as enrolling to their own system, to reduce friction in the sign on process and loss of control of the sales channel to third parties like payment gateways.

The Company deploys industry standard fraud management tools to minimize the occurrence of cardholder and merchant fraud. SQID also carries a bond or security reserve from the merchant to cover any potential fraud loss.

SQID’s Merchant Services and Transaction Processing

As a “Payment Processor” SQID has contracts with merchants to handle transactions from various channels such as credit and debit card for merchant.

SQID provide merchant services and transaction processing to business merchants in the advertising, training, real estate, travel and software industries and one school organisation. The Company receives a merchant fee, which is a percentage of the transaction value and also in some cases, a fee per transaction.

The fixed rate can vary from 15c to 30c per transaction, and the percentage can vary between 0.9% and 4.5%.

Final rates are determined by negotiation with each merchant. While there is a “published rate”, this is mostly for competitive reasons and all merchant rates are negotiated on a case-by-case basis. This is driven by perceived risk factors including industry sector, scale of the merchant, structure of the merchant entity, location of customer card holders, chargeback history with their previous provider.

The Company may also generate revenue for SMS⁽¹⁾ related services such as payment reminder notifications and marketing services. The Company is able to provide ecommerce, payment links, virtual point of sale (“POS”) terminal access for use on desktop computers or mobile phones.

All merchants have a direct relationship with SQID, which with its software and services provides payment transactions seamlessly.

SQID enables all parties to benefit through our split settlement scheme⁽²⁾, dynamic onboarding⁽³⁾ (onboarding for the business and merchant account in parallel) and our responsive API payment technology that talks to innovative platforms including, but not inclusive only of, SaaS⁽⁴⁾, Mobile applications, mobile franchise business models and other disruptive technologies. The end result is delivery of smarter conversion of business products and services in card-not-present environments.

- (1) “SMS” means a “Short Messaging Service” and is centered around cell phone texting and allows businesses to text customers with payment reminders and accept payment via cell phone.
- (2) “Split Settlement Scheme” enables a single transaction to be simultaneously settled to both the referring merchant and the referred merchant’s banks by the Company.
- (3) “Dynamic Onboarding” provided by the Company to merchants enables easy sign-up, banking integration, pre population of customer information, risk mitigation, onboarding APIs and customization options and immediate set up to begin transactions. A referring merchant is also able to onboard a referred merchant to their own business model and as a SQID merchant as well.

Onboarding is the process of getting a customer up to speed with an API, (Application of Programming Interface) and is a technical communication through which a merchant can sign up for an account.

- (4) SaaS means software as a service

Uniqueness

SQID does not compete on price. SQID’s differentiates from its competitors by solving specific payment challenges faced by merchants. SQID attract quality merchants and services them at a much higher margin than its competitors. SQID’s uniqueness is its tools that allow the referrer to onboard their clients and a merchant account at the same time and then share in the fee revenue through smart settlements. This is ideal for partners like franchisors that enroll new franchisees, provide a merchant account and have a fee from franchisee revenue. The model also applies to the merchants who have downstream customers such as education companies and SaaS businesses that license their software but seek to also share in the fee revenue from their clients. These partner customers often sign up additional merchants to the SQID payment platform providing growth in transaction volume for SQID while maintaining attractive margins.

Current Operations

During the period from October 2013 to January 2014 the Company was reorganized with new management and has successful, established operations in Australia. It focuses on online training, social media marketing, SaaS developers and e-commerce developers.

The Company’s software platform is hosted on high availability hosted servers located in Sydney, Australia with Amazon Web Services and development servers in Sydney and Brisbane, Australia. This technology can easily be replicated in other jurisdictions that have Amazon Web Services available to support growth and expansion into new markets in Asia and North America.

Market Share and Growth

There are other large corporate “Payment Processors” competing with the Company. There is not adequate information published to enable the Company to determine what percentage it has of the “Payment Processor” business in Australia.

Competitive Conditions

The payment processing industry is highly competitive and there are many competitors who are larger and better financed than the Company. The competition has little differentiation of services and are highly driven on price and high volume as the primary driver which has led to a disconnect from the customer, the merchant. This has led to dominant players in that space leading to high levels of saturation. Some of these dominant players are Stripe, Square and PayPal.

Changes in the Business Expected in the Current Financial Year.

(1) Change Sales Model

SQID sees an opportunity to reconnect to our merchant customers in the payment cycle and enable them to benefit in the transactional processing, not just the value of the transaction. SQID's current approach, which has been successful to date, is a move from a referral sales model only to a more proactive direct sales mode with both existing merchant clients and new merchants. It allows more than one transaction point to deliver split settlements, and incentivizes referring merchants with a referral fee, to scale this service by onboarding new referred merchants. This is very attractive for high volume card-not-present business models that are tiered, hosts or provide services to e-commerce businesses. To facilitate this new focus, SQID is reviewing how we can value add to our 'relationship payment' business model through strategic partnerships with key referrers such as:

- (i) e-commerce web developers,
- (ii) franchisors, and
- (iii) SaaS developers. SaaS (software as a service) is a software distribution model where third-party providers host applications and makes them available).

Customer experience will be a key to expanding the Merchant base. A focus will be on improving customer interfaces and engagement platforms within the business. They have been functional, but not aesthetically pleasing or as efficient and effective, as it needs to be to attract the type and volume of growth we have set. The objectives include changing front-end software regarding standards of appearance of payments tools provided to merchants.

As well, SQID, like all "Payment Processors" must diversify to overcome any impact caused by merchant behavior across multiple industry sectors such as their negotiating power. Previously SQID has focused on only a few industries such as online training. Diversification of the industries serviced is a strategic objective that the Company is currently reviewing. This objective is an integral part of our new direct sales performance goal. The Company has established, incentive programs with the in-house sales team and referring merchants who refer other merchants.

Strategic Partnerships

SQID has allocated \$300,000 for strategic partners ("Strategic Partners") and aligning our relationship payments platform to invest in referrer/referred merchant business models to expand the operations in Australia. This is where we engage with one merchant who refers to many, with each merchant, both the referrer and the referred merchants, having a direct relationship with SQID. To grow in this space SQID must engage with the referring merchant, supporting them with collateral and resource to facilitate the relationship to deliver the flow of referred merchants through their platform. The budget for the \$300,000 is as follows:

Budget Line Item	\$
Advertising	50,000
Market Research	5,000
Printing and stationary	15,000
Marketing Video Production	15,000
Industry Association Memberships	5,000
Expos and trade shows	40,000
Customer platform training	50,000
Partnership development	100,000
Marketing Design	<u>20,000</u>
Total:	300,000

Advertising includes online, offline and industry publications

Market research includes software, industry data subscriptions

Printing and stationary includes marketing materials and general printed content like brochures, business cards, etc.

Marketing video production includes talent, equipment hire, digital production, market testing, etc

Industry Association memberships and subscriptions.

Expos and Trade shows includes travel, expo fees and event specific marketing materials.

Training includes workshops for training merchants on the use of new and existing product features.
Partnership development includes targeting marketing tools for specific partners to assist them to refer SQID solutions and partner co-promotion
Marketing design includes artwork, graphic design and drafting

(2) Post Listing Capital Raising

The Company has entered into an agreement with TriPoint Global Equities LLC (“Tripoint”) dated June 12, 2019 as amended on October 31, 2019 to advise on the North American financial markets, listing the Ordinary Shares on a public exchange and other matters, all of which are described in detail in “Material Agreements”. There is no activity for raising capital at this time, prior to Listing on the CSE and there are no immediate plans post Listing for an IPO or private placements of the Ordinary Shares to raise fund. Management’s view at this time is that after Listing on the CSE, the Company will need time to establish itself with the investment community before it can raise any money. See “*Prior Sales*” and “*Material Agreements*”.

Specialized Skills

As a technology company, the Company requires special skills and knowledge to maintain and evolve the software and technology required to operate as Payment Processor. The Company has the in-house expertise to maintain and evolve its software operations to meet ever-changing advances in the payment processing industry.

Revenue and Funding Requirements

Revenue derived from current operations is adequate to fund the Company’s operations, sales model and expansion plans for the next twelve months. Revenue is derived from product and service sales, commissions and merchant fees from the processing of payment and loyalty transactions and support contracts arising from the sales of payment transaction services.

Risk Management

Any start-up or established business must continuously manage the risks by recognizing and mitigating the ambiguities and risks both in internal and external business environments that surround a company. The Company's management team manages risks proactively. Here are some of the risks that the Company faces:

Marketing Risks

The Company’s Technology is already in use in Australia. The Company must keep up with changes in its user base, services provided and technology changes, diversify its user base, observe its acceptance, performance, and improve its features. The Company aims to avoid market risks by continuous feedback from the research team, surveys of current and potential customers. These will also help in continuously evolving the technology and growing the user base.

Competitive Risks

Every business idea is prone to be copied by bigger and better players in the market. The technology team at the Company must continuously address what competitors might do to try to supersede and replace the Company’s Technology and work proactively to develop suitable features to maintain and increase the Company’s current market share.

People Risks

The Company has three contractors, Peter Hall – CEO, Lee Horobin – CFO and Robyn Gunnis – COO, and four employees: two are sales people, one is a software developer and one is a systems administrator that it relies on. Subject to the availability of funds, an expansion of the Company’s business may require hiring more marketing and technical people for whom there is fierce competition among technology companies. The Company may become dependent on one or more employees who become instrumental to the ongoing success of SQID. In addition, salary

pressure in the high-tech field can make the Company uncompetitive with other more established or better financed companies.

Legal and Regulatory Risks

Some of the possible legal or regulatory issues are continuous reporting requirements by the Regulatory Authorities and Exchange, tax complications, user and privacy policy, customer complaints, etc. The Company has retained professional advisors with the requisite experience to deal with these matters and will consult with them to keep it informed of possible complications before they arise

Patents

The Company has patents for its telephony based IVR authentication in Australia, the U. S., European Union, Canada, Singapore, South Africa, Ukraine, Colombia and the Philippines. Although the Company no longer relies completely on the technology protected by it's patents, they are still important for the protection of the core software code which is essential to the delivery of Transactions. The Company believes that the patents may have new potential applications such as: ewallets, ticketless parking and tolling payments. The filing priority date for all patents was August 1, 2007. The U.S. patent expires March 15, 2030. All other patents the expire on August 1, 2027

USE OF AVAILABLE FUNDS

Available Funds and Principal Purposes

This is a non-offering Prospectus. The Company is not raising any funds in conjunction with this Prospectus, and accordingly there are no distributions of securities or resulting offering proceeds. As of November 30, 2019, the Company had approximately \$2,005,326 in working capital. These funds are related to proceeds from merchant transactions less cash expenditures and other items. The estimated funds available to the Company in the next 12 months are as follows:

Source of Estimated Funds Available	Amount (\$)
Working Capital as at November 30, 2019	2,005,326
Total	2,005,326

Use of Funds

The intended uses of the estimated available funds re as following:

Principal Purpose	Amount (\$)
Listing on the CSE	20,000 ⁽¹⁾
Strategic Partnerships regarding expansion of the Merchant Base and Industries Served in Australia See " <i>Description of the Business – Strategic Partnerships</i> "	300,000 ⁽²⁾
General & administrative expenses	1,444,416 ⁽³⁾
Unallocated Working Capital	240,910
Total	2,005,326

⁽¹⁾ \$10,000 will be used to pay the balance of the CSE listing fee and \$10,000 is allocated to professional fees and costs related to completing the listing on the CSE.

- (2) The Company has allocated these funds to diversify and expand the merchant base and industries served in Australia.

Advertising	50,000
Market Research	5,000
Printing and stationary	15,000
Marketing Video Production	15,000
Industry Association Memberships	5,000
Expos and trade shows	40,000
Customer platform training	50,000
Partnership development	100,000
Marketing Design	<u>20,000</u>
Total:	300,000

- (3) General and Administrative Expenses for the next 12 months are estimated as follows:

General and Administrative Expenses	Monthly Amount (\$)	Annual Amount (\$)
Legal	2,852	34,224
Patent	1,000	12,000
Audit	4,167	50,000
Rent	3,333	40,000
Office and miscellaneous	5,000	60,000
Travel and promotion	8,333	99,996
CSE monthly listing fees	800	9,600
Executive fees	36,667	440,000 ⁽¹⁾
Salaries & Wages	36,322	435,867
Hosting	6,625	79,500
Directors fees	15,000	180,000 ⁽²⁾
Annual filing fees	269	3,229
Total	120,368	1,444,416

- (1) Current executive fees for the three NEO is \$440,000.
- (2) Annual Directors fees are paid as follows; to the CEO, \$60,000 and \$40,000 to each of the three non-management directors.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The actual use of available funds will vary depending on the Company's operating and capital needs from time to time and will be subject to the discretion of the management of the Company.

Business Objectives and Milestones

The Company's business objectives are to list on the CSE and proceed with its Sales Model Objectives and Expansion Plans into new countries. The cost of covering administrative costs for the first 12 months following listing is estimated at \$1,444,416.

<u>Event</u>	<u>Time Frame</u>	<u>\$</u>
Listing on the CSE	Fifteen business days after receipt of a receipt for the Company's final Prospectus.	20,000
Strategic Partnership regarding expansion of the Merchant Base and Industries Served.	The next 12 months	300,000

The Board may, in its discretion, approve asset or corporate acquisitions or investments based upon the Board's consideration of the qualitative aspects of the subject acquisitions, including risk profile, technical upside, asset quality and other factors. Such acquisitions may require shareholder or regulatory approval. See "*General Description of the Business*".

The Company intends to spend a significant portion of the funds available to it according to the "Use of Funds" as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary.

Brief Description of the Risk Factors

There are certain risks associated with the business of the Company and with an investment in its securities including the following: adverse publicity or merchant perception, termination of its agreements with Westpac and Merchant Warrior, future fluctuations in the Company's quarterly results of operations, limited market for the Company's securities, future dilution to existing and future shareholders, no history of paying dividends, the Company's ability to attract new merchants or to sell additional products and services to its existing merchants; competition; failure to develop or market new products or services; the Company's plans to achieve growth in future periods and its ability to execute its business plan including expansion of its merchant base and serviced industries and expansion outside of Australia, maintain high levels of service, or address competitive challenges adequately; the Company's ability to effectively expand sales and marketing capabilities; continuous evolution of its patented legacy software to keep up with technology changes; reliance on intellectual property; use and potential infringement of intellectual property; potential conflicts of interest; reliance on others and key personnel; litigation; changes in laws; insurance coverage; market acceptance; acquisitions; and potential delay or future impairment. There are additional risks related to cybersecurity breaches, fraud and money-laundering. The risks and uncertainties described above are those the Company currently believes to be material, but they are not the only ones faced by the Company. There may be risks that the Company currently considers not to be material or of which the Company is not aware, that may become material risks which could materially and adversely impact the growth of mobile and application use driven by the rise and rise of entrepreneurship and entrepreneurs in businesses wanting to disrupt their legacy operations. See "*Risk Factors*" for a full description of the risk factors affecting the Company.

DIVIDEND RECORD AND POLICY

The Company has not declared any dividends or made any distributions since incorporation. The Board may declare dividends at its discretion but does not anticipate paying dividends in the near future. While there are no restrictions in the Company's *Constitution* or pursuant to any agreement or understanding which could prevent the Company from paying dividends or distributions, the Company anticipates using all available cash resources to fund working capital and grow its business. As such, the Company has no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions existing at the time a determination is made

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The MD&A for the three months ended September 30, 2019 and September 30, 2018 and for the two years ended June 30, 2019 and June 30, 2018 are respectively disclosed in Schedules "A-2" and "B-2" attached to and forming part of this Prospectus.

DESCRIPTION OF THE SECURITIES

Authorized and Issued Share Capital

Companies incorporated under the Australian Corporations Act 2001 (Cth) do not have an authorized capital number and Ordinary Shares issued pursuant to the Corporations Act 2001 (Cth) do not have a par value. The issued capital of the Company as at June 30, 2019 was 16,475,298 fully paid Ordinary Shares. As of the date of this Prospectus, the issued capital is 7,863,956 as a result of a consolidation of the Ordinary Shares on September 5, 2019 on a ratio of one new Ordinary Share for two old Ordinary Shares, the cancellation of 2,700,000 Ordinary Shares on December 13, 2019 and the issue of 976,280 Ordinary Shares on December 13, 2019. See "Prior Sales" and "Consolidated Capitalization".

Prior to September 5, 2019 the Constitution of the Company allowed the issue or partially paid for Ordinary Shares which is authorize by the *Act*. The Company approved a new Constitution on September 5, 2019 which now provides that Ordinary Shares must be fully paid for before being issued. The Constitution governs the rights and restrictions of the Ordinary Shares. All of the Ordinary Shares of the Company rank equally as to voting rights, participation in a distribution of the assets of the Company on the liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the Ordinary Shares are entitled to receive notice of all meetings of shareholders and to attend and vote such Ordinary Shares at the meetings. Each Ordinary Share carries with it the right to one vote. The Ordinary Shares do not have pre-emptive rights, are not subject to redemption, have no sinking or purchase fund provisions, have no provisions restricting the issuance of additional securities or any other material restrictions, nor a requirement to contribute additional capital. Holders of the Ordinary Shares are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available. In the event of dissolution or winding up of the affairs of the Company and payment of all liabilities, surplus assets shall be paid first in repayment of paid up capital and the balance then remaining shall be distributed among the ordinary Members.

Listing of the Ordinary Shares is subject to the Company fulfilling all of the listing requirements of the CSE.

PRIOR SALES

Prior to September 5, 2019, the Constitution of the Company provided for the issue of Ordinary Shares that were not full paid for. On September 5, 2019 the Constitution was amended so that all Ordinary Shares must be fully paid for before being issued and were consolidated with the issue of one new Ordinary Share for two old Ordinary Shares.

In the past 12 months the Company has issued the following securities.

Date of Issue of Partially Paid for Ordinary Shares ⁽¹⁾	Date of Receipt of Full Payment	Number of Ordinary Shares	Issue Price per Ordinary Share (\$)	Aggregate Issue Price (\$)	Consideration Received (\$)	Ordinary Shares Cancelled
Jan. 12, 2019	Jan. 12, 2019	33,333 ⁽¹⁾	0.15	4,999.95	Nil	
June 19, 2019	July 19, 2019	2,700,000 ⁽²⁾	0.006	16,200	Nil	
	Dec. 13, 2019	1,350,000 ⁽³⁾				cancelled
	Dec. 13, 2019	976,280 ⁽⁴⁾	\$0.30	292,884	Nil	

⁽¹⁾ The 33,333 Shares were issue as reimbursement of expenses.

⁽²⁾⁽³⁾ The details of the issue and cancellation of the 2,700,000 Ordinary Shares is as follows:

(i) 460,000 Ordinary Shares were issued to Gale Capital Corporation (“Gale”) of North Vancouver, British Columbia, Canada. Services to be provided by Gale were creating awareness among investment brokers, institutional investor and retail investors; disseminate news, financial information and corporate developments; assisting in corporate presentations and digital investor communication campaigns, provide connections to online media sources and develop digital investor communication campaigns and tool to increase investor and media awareness. The agreement was cancelled November 1, 2019 and the 460,000 Ordinary Shares (consolidated 230,000) were cancelled on December 13, 2019. No services were provided by Gale and no new agreement was entered into.

(ii) 540,000 Ordinary Shares were issued to Tripoint Capital Global Equities LLC (“Tripoint”) of New York, New York, U.S. pursuant to a non-exclusive, arms-length advisory agreement dated June 12, 2019 as amended October 30, 2019 between the Company and Tripoint a US registered broker dealer with FINRA and the SEC. Tripoint is the advisor for the Company on U.S. matters. Services to be provided by TriPoint were a review and plan of the Company’s financial requirements; introduction to legal counsel, post listing; introductions to Canadian investments bankers for a post listing offering; assist in staying in good standing and assist regarding the CSE Listing and subsequent compliance requirements, advice regarding the Company’s business plans and of corporate documents; creation of corporate image and investor relations plans and other matters the parties agree to. The amendment provided for:

- (A) the cancellation of the 540,000 (270,000 consolidated) Ordinary shares which were cancelled on December 13, 2019, and
- (B) revised fees of U.S. \$55,000 consisting of an initial retainer fee of U.S. \$10,000 and a monthly fee of U.S. \$3,750 for twelve months ending June 30, 2020. The monthly fee is payable by the issue of 18,750 Ordinary Shares. TriPoint issued an invoice dated October 31, 2019 for U.S. \$28,750 which included the initial retainer fee of U.S. \$10,000 and for four months of services from July through October, 2019. The total of \$28,750 was converted to AUD\$ at a conversion rate of 1.46 for a total of \$49,175. This fee was paid by the issue of 139,917 Ordinary Shares at a price of \$0.30 per Ordinary Share on December 13, 2019. See Note (4) (i) below. See (“*Material Agreements*”).

Tripoint has deferred the issue of the 18,760 Ordinary Shares for the months of November and December 2019 until the end of January 2020 when the January issuance is due.

(iii) 1,160,000 Ordinary Shares were issued to Shape Capital Pty. Ltd. (“Shape”) of Melbourne, Victoria, Australia pursuant to an exclusive engagement letter dated June 13, 2019 between the Company and Shape. Services to be provided by Shape were general capital markets and corporate advisory services and advice regarding an IPO in North America; preparation for an IPO and introductions to investment banks in the USA and Canada and local legal advisor and investment relations firms; coordination of the due diligence process and strategic advice on transactions and structure and assist with listing, investor presentations, securing funding commitments and introductions to investors and support any capital fund raising. The agreement was cancelled Nov 1, 2019 and the 1,160,000 (consolidated 580,000) Ordinary Shares were cancelled on December 13, 2019. No new agreement was entered into. Shape issued an invoice on November 1, 2019 for \$205,454.54 plus GST. See Note 4 (ii) below.

The CEO and owner of Shape is also a director of First Growth Funds Limited, the promoter of the Company. See “*Promoters*” and “*Principal Shareholders*”.

(iii) 540,000 Ordinary Shares were issued to First Growth Funds Limited pursuant to an agreement dated June 13, 2019. First Growth Funds Limited was to provide advisory services regarding a post Listing IPO, capital raising with introduction to institutional funds and brokers, news flow, post listing ongoing investor relations, fund raising strategies, introductions to new clients and partnerships and corporate advisory services for capital management, capital raising and mergers and acquisitions. First Growth Funds Limited had the right to nominate two directors to the board of directors. Two were recommended and appointed: John Connolly and Michael Clarke. Shareholders of First Growth Funds Limited had the right to participate in any capital raising post listing. The agreement was cancelled Nov 1, 2019 and the 540,000 (consolidated 270,000) Ordinary Shares were cancelled on December 13, 2019. No new agreement was entered into. Shape issued an invoice on November 1, 2019 for \$45,454.54 plus GST. See Note (4) (iii) below. See “*Promoters*”.

(4) The 976,280 Ordinary Shares issued on December 13, 2019, were issued to three parties as follows:

(i) Tripoint Global Equities Ltd. issued an invoice dated October 31, 2019 for U.S. \$28,750 for services from June 2019 – October 31, 2019 regarding financial models, competitor’s analysis, valuation analysis, share capital structure, exchange listing options and requirements, investor presentations, partnerships and new customers. The \$28,750 was paid by the issue of 139,917 Ordinary Shares at a price of \$.30 per Ordinary Share. The invoice is related to the Company’s agreement with Tripoint dated June 12, 2019 as amended on October 31, 2019. See “Material Agreements” for the details of the agreement.

(ii) Shape Capital Pty Ltd. issued an invoice dated November 1, 2019 for \$205,454.54 plus GST for services provided from December 2018 to October 2019 regarding, general corporate advice, due diligence, review of all matters including all material agreements, conducted a risk assessment review, RTO and listing possibilities in Australia and North America, market analysis, funding requirements, IPO requirements, listing requirements, project management. The \$205,454.54 was paid by the issue of 684,848 Ordinary Shares. A director and the sole shareholder of Shape Capital Ltd., Anoosh Manzoori is also the CEO of First Growth Funds Limited which is a promoter of the Company and a minor shareholder, owning less than 4% of the Shares of First Growth Funds Limited. See “Principal Securityholders” and “Promoters”.

(iii) First Growth Funds Limited, is a promoter of the Company and a principal shareholder. First Growth Funds Limited issued an invoice dated November 1, 2019 for \$45,454.54 plus GST for services provided from December 2018 to October 2019 regarding due diligence and review of the Company’s operations, industry analysis, valuation, presentations to investors and investment bankers. The \$45,454.54 was paid by the issue of 151,515 Ordinary Shares. See “Principal Securityholders” and “Promoters”.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of the Company as at the dates below. The table should be read in conjunction with and is qualified in its entirety by the Company’s:

- (i) unaudited quarterly financial statement and the related notes thereto and the MD&A for the three months ended September 30, 2019 and September 30, 2018 attached to this Prospectus as Schedule “A-1 and A-2”, and
- (ii) the audited financial statements and MD&A for the two years ended June 30, 2019 and June 30, 2018 attached to this Prospectus as Schedules “B-1” and “B-2”

The year end is changing from June 30 to December 31 effective December 31, 2019.

The Ordinary Shares were consolidated on the basis of one new Ordinary Share for two old Ordinary Shares on September 5, 2019

Description	Amount Authorized at the date of this Prospectus	Outstanding as at the date of this Prospectus (unaudited)	Outstanding as at Sept. 30, 2019 (unaudited)	Outstanding as at June 30, 2019 (audited)
Ordinary Shares	Not limited	7,863,956 ⁽¹⁾	8,237,676	16,475,298

⁽¹⁾ Subsequent to September 30, 2019, 1,350,000 Ordinary Shares were cancelled and 976,280 Ordinary Shares were issued to settle liabilities of \$292,884. See “Prior Sales”, “Promoters” and “Material Agreements”.

OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES

There are no outstanding options or other rights to purchase Ordinary Shares. The Company has not adopted a stock option plan. In future, if the Company decides to issue stock options, it will first adopt such a plan and will be required to obtain shareholder approval to such a plan.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrow under NP 46-201

As at the date of this Prospectus, the Ordinary Shares subject to contractual restriction and escrow are as shown in the following table:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Ordinary Shares	2,848,958 ⁽¹⁾	27.52% ⁽²⁾

The 2,848,958 Ordinary Shares are held in escrow by the Company's Transfer Agent, Computershare Investor Services Inc. pursuant to an Escrow Agreement dated December 13, 2019. See "Material Agreements".

- (1) These Ordinary Shares are owned by:
- Lee Horobin, CFO and Corporate Secretary as to 109,295
 - Andrew Sterling, a director as to 328,860 and by Andrew Scot Sterling and Andrea Jayne Sterling ATF Sterling Super Fund as to 574,440, and
 - First Growth Funds Limited as to 1,151,515^(A)
 - Shape Capital Pty Ltd. as to 684,848.^(B)

The Ordinary Shares held by the COO, Robyn Gunnis are not in escrow as they are less than 1% of the issued and outstanding Ordinary Shares.

Based on 7,863,956 Ordinary Shares issued and outstanding as at the date of this Prospectus.

^(A) First Growth Funds Limited owns 14.64% of the Ordinary Shares of the Company and is also a promoter of the Company. The Company had an advisory agreement with First Growth Funds Limited dated June 13, 2019 to advise regarding corporate matters, listing on the CSE and subsequent financings. On November 1, 2019 that agreement was terminated. On December 13, 2019, 540,000 Ordinary Shares issued at \$0.006 in June 2019, (270,000 consolidated) to First Growth Funds Limited were cancelled on December 13, 2019. Pursuant to an invoice dated November 1, 2019 First Growth Funds Limited was issued 151,515 Ordinary Shares at a price of \$0.30 per Ordinary Share on December 13, 2019 to settle an invoice for prior services from December 2018 to October, 2019 regarding due diligence and review of operations, industry analysis, market sounding activity and discussions with investors. See "Prior Sales" and "Promoters" for details of the issue and cancellation of the 540,000 Ordinary Shares (270,000 consolidated) and the issue of the 151,515 Ordinary Shares. Also refer to "Principal Shareholders".

^(B) Shape Capital Pty Ltd. is owned by Anoosh Manzoori who is the CEO of the promoter of the Company, First Growth Funds Limited. See "Principal Shareholders" and "Promoters".

In accordance with National Policy 46-201 Escrow for Initial Public Offerings ("NP 46-201"), all Ordinary Shares of the Company held by a principal of the Company as of the date of this Prospectus are subject to escrow restrictions. A principal who holds securities carrying less than 1% of the voting rights attached to the Company's outstanding securities is not subject to the escrow requirements under NP 46-201. Under the NP 46-201, a "principal" is defined as:

- (a) a person or company who acted as a promoter of the Company within two years before the Prospectus;
- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s IPO; or
- (d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

A principal’s spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Company they hold will be subject to escrow requirements. A person who holds less than 1% of the outstanding Ordinary Shares is not required to deposit their Ordinary Shares in escrow.

A Company will be classified for the purposes of escrow as either an “exempt Company”, an “established Company” or an “emerging Company” as that term is defined in NP 46-201. Uniform terms of automatic timed release escrow apply to Principals of exchange listed companies, differing only according to the classification of the Company. The Company anticipates that on the Listing Date, it will be classified as an “emerging Company”.

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter. All escrowed Ordinary Shares are subject to the direction and determination of the CSE. Specifically, escrowed Ordinary Shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE. As such, the following automatic timed releases will apply to the securities held by its Principals:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the date the Company’s securities are listed on the CSE (the “Listing Date”)	1/10 of the escrowed securities
6 months after the First Release	1/6 of the remaining escrowed securities
12 months after the First Release	1/5 of the remaining escrowed securities
18 months after the First Release	1/4 of the remaining escrowed securities
24 months after the First Release	1/3 of the remaining escrowed securities
30 months after the First Release	1/2 of the remaining escrowed securities
36 months after the First Release	The remaining escrowed securities

Pursuant to the terms of the Escrow Agreement, 284,896 Ordinary Shares will be released from escrow on the Listing Date. 427,344 will be released from escrow on each of the subsequent release dates.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the Company’s directors and officers, the only persons who beneficially own or exercise, directly or indirectly, control or direction over more than 10% of the votes attached to the Ordinary Shares is First Growth Funds Limited. First Growth Funds Limited is also a promoter of the Company. See “*Prior Sales*” and “*Promoters*”.

Name of Shareholder	Type of Ownership	Number and % as at the date of this Prospectus	Number and % on a fully diluted basis
First Growth Funds Limited ⁽¹⁾⁽²⁾ Sydney, Australia	direct	1,151,515	14.64%
Andrew Sterling Queensland, Australia	direct indirect	328,860 4.18% 574,440 7.30% ⁽²⁾	328,860 4.18% 574,440 7.30%

- (1) Michael Raymond Clarke, a director of SQID is also a director of First Growths Fund Limited. See “*Directors and Executive Officers*” and “*Promoters*”.
- (2) The 574,440 Ordinary Shares are held by Andrew Scot Sterling and Andrea Jayne Sterling ATF Sterling Superfund which is owned by Andrew Sterling, his wife Andrea Jayne Sterling and their children. Andrew Sterling is a director of the Company. See “*Directors and Executive Officers*”.

The shareholders holding 5% or more of the issued Ordinary Shares and the directors of First Growth Fund Limited are:

Name	No. of Shares	% of total issued
Blockchain Global Limited	6,218,337	7.99%
Geoff Barnes, director of First Growth Funds Limited	6,400,000	8.47%

The other three directors of First Growth Funds Limited own the following shares of First Growth Funds Limited.

Anoosh Manzoori, director	3,000,000	3.97%
Athan Lekkas, director	2,037,273	2.70%
Michael Clarke, director	751,515	0.99%

First Growth Funds Limited, an investment company, formerly listed on the ASX, is a promoter of the Company. The Ordinary Shares of First Growth Funds Limited initially listed on the ASX in 1986. On April 4, 2019 the Ordinary Shares were halted from trading by the ASX on the basis that its activities constituted a change to the nature and scope of FGF’s investments. It voluntarily delisted from the ASX on December 4, 2019 (the “*Delisting*”). The full details of the Delisting are set out in the section entitled “*Principal Shareholders*”.

First Growth Funds Limited Delisting

First Growth Funds Limited has provided the following information to SQID about the details leading to the Delisting as follows:

“In 2017 and 2018, First Growth Funds Limited invested in Blockchain investments via equity and convertible notes in unlisted entities and pre-initial coin offerings (“ICO” and ICO investments. These investments were made in accordance with a disclosed investment strategy announced on February 28, 2018 by First Growth Funds Limited and an approved prospectus filed March 1, 2018 which stated that only 12% of investments would be in unlisted equities involved in Blockchain and only 20% would be in pre -ICO and ICO investments. The majority of its investments are in unlisted and listed equities and cash holdings.

First Growth Funds Limited also disclosed that its investment portfolio is based on current market conditions and the present determination of the board. The board reserved the right to alter the investment strategy and indicative asset allocation at any time without notice. Should any relevant circumstances change, the board will reassess the proposed investment strategy to ensure it is the most appropriate for the Company and its shareholders.

First Growth Funds Limited had announced the establishment of an advisory business unit, First Growth Advisory Pty Ltd (“FGA”) providing services to listed and unlisted entities and Digital Assets and Blockchain investments. In December 2018, FGA was incorporated to carry on the advisory business.

On April 4, 2019 the ASX suspended First Growth Funds Limited’s shares from trading. No reason for the suspension was given by ASX to First Growth Funds Limited at the time, however in subsequent discussions and queries the ASX indicated a concern that there has been a significant change to the nature of First Growth Funds Limited’s activities. Per Chapter 11 of the ASX Listing Rules if an entity proposes to make a significant change to the nature of its activities, it must provide full details to the ASX as soon as possible. Other conditions may then apply, including that ASX can require that the entity obtain the approval of its shareholders for the change, or require the entity to, in effect, re-comply with the admission requirements of the ASX. ASX raised these queries with First Growth Funds

Limited in several letters and there was a significant amount of information provided by First Growth Funds Limited to ASX in response to their queries.

In response to ASX letters in June 2019, First Growth Funds Limited acknowledged that its investments in Blockchain had slightly gone over from 12% to 13.4% for the period mid-February until the end of May 2019. First Growth Funds Limited acknowledged that, even according to its own categorization, for the months of February, March and April of 2019 year it was slightly over the given threshold for one asset class, being blockchain investments (12%). In First Growth Funds Limited's view this was not a material lapse as: (i) the threshold was only exceeded by a very small amount (up to 13.4%, compared to the 12% threshold) and for a very short period of time; and (ii) it had been clear from the outset, including in its February 28, 2018 announcement) that its investment Strategy was an intention, that it would not be constrained by a strict investment mandate, and that the board reserved the right to alter the investment Strategy and indicative asset allocation at any time without notice and (iii) it had entered into and disclosed to the market a binding and unconditional agreement for the sale of its interests in LINCD HQ Pty Ltd, an unlisted blockchain investment, in January 2019 which was completed at the end of May 2019 at which point investments in unlisted Blockchain entities dropped back to less than 12% of assets.

Whether First Growth Funds Limited's investments have remained within the asset class percentages set out in the Investment Strategy depended on the asset class each investment is allocated to. First Growth Funds Limited and the ASX disagreed on how certain investments should be categorized, and accordingly which asset class they should be considered part of.

In any event, First Growth Funds Limited believed that the investment in blockchain of up to 13.4% for a short time would not be sufficient to result in a change in the nature of its activities, particularly when it had a binding sale agreement of one its blockchain assets during the same period that adjusted the holding to less than 12%.

In June, 2019 the ASX advised First Growth Funds Limited that in its view that there has been a significant change in the nature of First Growth Funds Limited's activities, specifically that FGF's main undertaking has become "investments in, and providing advisory services to, entities engaged in ICOs and pre-ICOs, cryptocurrency, and blockchain-related technologies", and that this constituted a significant change in the character of First Growth Funds Limited's main undertaking from its previous undertaking of "investing in different assets and classes."

Over several months First Growth Funds Limited was unable to resolve the ASX issues. Additionally, whilst it was suspended, on August 1, 2019 ASX made an announcement of new policy changes relating to listing companies engaged in blockchain and digital assets including Listing rule 11.1 In many cases, a proposal by a listed entity to engage in cryptocurrency-related activities will involve a significant change in the nature or scale of the entity's activities and therefore need to be notified to ASX under listing rule 11.1.

In October 2019, the directors of First Growth Funds Limited determined that it was unlikely to reach a resolution with the ASX in the shorter term and, in order to reinstate liquidity for shareholders, the Board resolved to seek FGF's removal from the Official List of the ASX and pursue listing on the CSE. The information circular for the shareholder meeting to seek shareholder approval to delisting ("Proxy Material") was submitted to and reviewed by the ASX which issued a no comment letter regarding the Proxy Material. At a Shareholder meeting on November 27, 2019 a special resolution (requiring 75% approval) was approved by Shareholders present in person or by proxy at the meeting representing 96% of the Ordinary Shares represented at the meeting. De-listing took place on December 4, 2019."

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

Name, Position with Company and Province and Country of Residence	Date of Appointment to Office	Principal Occupation for Past Five Years	Ordinary Shares Held as of the Date of this Prospectus	Percentage of Ordinary Shares Currently Held
Peter Charles McLean Hall Director, CEO Queensland, Australia	October 21, 2013	CEO of the Company and self-employed business consultant.	None	Nil
Andrew Scot Sterling ⁽¹⁾⁽²⁾⁽³⁾ Director Queensland, Australia	Director since August 5, 2013	Since October 2012, he has been the general manager- Property Finance of the QPF Finance Group, which provides finance and insurance brokerage services for equipment, business and commercial and residential real estate. The company is active.	328,860 held directly 574,440 held indirectly for a total of 903,300 ⁽³⁾	4.18% 7.3% Total 11.49%
John Maxwell O'Connor ⁽¹⁾⁽²⁾ Director Victoria, Australia	Director since July 18, 2019	Director of John M O'Connor P/L, an active company that provides advice to a range of businesses. Since August, 2013, Mr. O'Connor is currently a director of Cloud Lumen Pty Ltd, an active company which is developing the next generation of commercial and street lighting through remote connectivity and monitoring utilising 'Internet of Things' technology.	None	0
Michael Raymond ⁽¹⁾ ⁽²⁾ ⁽⁴⁾ Clarke Director South Australia, Australia	Director since August 6, 2019	Since May 2014, director of First Growth Fund Limited an investment company located in Melbourne, Victoria, Australia; from February 2012, director of Malvern Corporation, an investment company located in Adelaide, South Australia, Australia. Both companies are currently active.	None	0
Lee Francis Horobin CFO and Corporate Secretary Queensland, Australia	CFO since January 15, 2015	Owner and managing director of Solutions4C Pty Ltd. since July 2016, which provides CFO, corporate secretary and financial services to reporting and private companies and not for profit organizations. Prior to July 2016, Mr. Horobin was self-employed.	109,295 held indirectly ⁽⁵⁾	1.39%
Robyn Joy Gunnis Queensland, Australia	COO since August 1, 2017	From April 2014, owner and operator of Get Work Fit, which provides business operations management; COO of the Company.	14,313	0.18%

⁽¹⁾ Member of Audit Committee.

⁽²⁾ Member of Remuneration Committee

⁽³⁾ The 574,440 Ordinary Shares are held by a private fund controlled by Andrew Sterling and his wife.

⁽⁴⁾ Mr. Clarke is also a director of First Growths Funds Limited, which owns 14.64% of the Ordinary Shares of SQID. First Growth Funds Limited is also a promoter of the Company. See "Principal Security Holders" and "Promoters".

⁽⁵⁾ The 109,295 Ordinary Shares are owned by Solutions4c Pty Ltd. a private company controlled by Mr. Horobin.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of the officers expires at the discretion of the Company's directors.

Aggregate Ownership of Securities

The directors and officers of the Company, as a group, currently beneficially own, directly or indirectly, 1,026,908 Ordinary Shares representing 13.06% of the issued and outstanding Ordinary Shares of the Company.

Management Experience

The following is a brief description of the management and key personnel of the Corporation:

Peter Charles McLean Hall Age 62 - Chief Executive Officer, Director and Promoter

Mr. Hall was granted a Bachelor of Science with Honours by the Australian National University in 1980 and a Masters of Business Administration by the University of Queensland in 2000. In addition he became a fellow ("Fellow") of the Australian Institute of Company Directors (ID 0024990) in 2002.

Mr. Hall was involved in the reorganization of the Company in 2013. See "*Promoters*".

Prior business experience: He has 35 years as a company director, entrepreneur and professional advisor to businesses in a broad range of industries including technology and manufacturing.

Mr. Hall will devote approximately 90% of his time to the business of the Corporation. The Company signed an agreement dated August 1, 2018 as amended on June 30, 2019 to provide his services:

- as chairman and a director for an annual fee of \$60,000 and his services as CEO for an annual fee of \$140,000
- responsible for senior staff recruitment,
- development of a CEO position description as part of succession planning for a new CEO and facilitate CEO recruitment, when Mr. Hall retires,
- agreement and joint venture negotiation,
- assistant to the other directors, and
- provide shareholder relationship management.

During the fiscal year ended June 30, 2019 the Company paid \$11,400 to Sigrist Design Pty Ltd., a private company owned by Peter Hall. The Company has budgeted \$40,000 for rent for the 2020 fiscal year. See "*Use of Funds*".

He has not signed any non-disclosure or non-competition agreements.

Lee Francis Horobin Age 47 - Chief Financial Officer, Corporate Secretary

Mr. Horobin is a Certified Practising Accountant ("CPA"). He was granted Certified Practising Accountant Status in July 1999 by CPA Australia, which is a professional accounting body in Australia founded in 1886 with over 150,000 members. CPA Australia has 19 staffed offices across Australia, China, Hong Kong, Malaysia, Singapore, Indonesia, Vietnam, New Zealand and the United Kingdom. Mr. Hall is an active member of CPA Australia, #1710912 and an active member of the Governance Institute of Australia (see (1) below).

Mr. Horobin also has five additional diplomas or degrees. He has received the following:

- (1) a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia in January 2015. He is a Chartered Secretary #70624.
- (2) a Company Directors Course Diploma in June 2011 from the Australian Institute of Company directors.
- (3) a Master of Business Administration in November 2005 from Deakin University, Australia.

(4) a Bachelor of Business (Accounting) (Honours) in May 1995 from Monash University, Australia.

(5) a Bachelor of Business (Multidiscipline) in October 1993 from Monash University, Australia.

Both memberships are active.

Prior Business Experience: He has over 15 years of finance and governance experience across varied industries and statutory reporting and governance. Mr. Horobin has been a director of two Public Companies:

Name of Public Company	Name or Exchange or Market	Position	From	To
Moreton Resources Ltd.	ASX	CFO and Corporate Secretary	July 2017	January 2018
Progen Pharmaceuticals Ltd.	ASX	Director of Finance and Corporate Secretary	August 2012	January 2015

Mr. Horobin is able to devote as much time as necessary to fulfilling the role, which currently is approximately 25% of his time to the business of the Company. The Company signed an agreement dated July 1, 2017 with Mr. Horobin to provide his services as CFO for a fee of \$97 per hour with an annual cap of \$120,000. He has not signed any non-disclosure or non-competition agreements.

Robyn Joy Gunnis Age 55 - Chief Operating Officer

Mrs. Gunnis established the business, Get Work Fit in 2014 to provide business management services. Mrs. Gunnis is responsible for the day-to-day operation of SQID, including change management, sales management, and project management.

Mrs. Gunnis has a letter agreement with the Company dated December 14, 2018 providing for payment at the rate of \$150. per hour with an annual cap of \$120,000 amended on July 11, 2019 to a flat fee of \$15,000 per month.

Mrs. Gunnis will devote 75% hours per week of her time to the business of the Company. Mrs. Gunnis has not signed any non-disclosure or non-competition agreements.

Non- Management Directors

Andrew Scot Sterling Age 58 Director

Mr. Sterling has a Cert IV in Financial Services and a Diploma of Financial Services granted in September 2009 from Intellitrain Pty. Ltd., an Australian RTO* authorised to deliver nationally recognized qualifications. He also has a Diploma of Financial Services granted July 2010 from Intellitrain Pty. Ltd.

*RTO means a “Registered Training Organization” registered with the Australian Government- Australian Skills Quality Authority. A RTO delivers vocational education and training (VET) services and are recognized as providers of quality-assured and nationally recognized training and qualifications.

Mr. Sterling has 39 years of banking and finance experience during senior positions in ANZ and Citibank. He has been the general manager- Property Finance of the QPF Finance Group (“QPF”) since October 12, 2012. QPF was established in 1977. It is one of the largest finance broking organisations in Australia. It provides finance and insurance broking services for equipment, business and commercial and residential real estate. It is active.

Mr. Sterling, as a member of the Audit Committee is responsible for reviewing the audited financial statements of the Company and participating in Audit Committee meetings. He is also a member of the Remuneration Committee.

Mr. Sterling will devote approximately 15% of his time to the business of the Corporation. He has not signed any non-disclosure or non-competition agreements.

John Maxwell O'Connor Age 56 Director

Mr. O'Connor received a Bachelor of Business – Accountancy in 1986 from RMIT University, located in Melbourne, Australia and a Masters Degree – Marketing in 2001 from Monash University located in Melbourne, Australia. In addition he was designated a Certified Practising Accountant (Membership #1268097) in November 1989 by the Australian Society of Certified Practising Accountants.

He is currently a Fellow of the Australian Society of Certified Practising Accountants and a member of the Australian Institute of Company directors.

Below is a description of some of his business activities

Since 2013, Mr. O'Connor has provided business advice through his private company, John M O'Connor Pty Ltd which advises across a broad spectrum of business. Some of these include:

1. Founder and director of the Australian Sports Technology Company Pty Ltd
2. Advisor to Melbourne University – Graduate School of Education,
3. Advisor to Trajan Scientific & Medical Pty Ltd which focuses on analytical systems for biological, environmental and food related measurements
4. Advisor to eWater Systems Pty Ltd. which supplies electrolysis units for food safety and infection control.
5. From September 2010 to June 2013, Mr. O'Connor was a director and COO of Vix Technologies the privatized company of the ex-ASX ERG Limited, a company specializing in designing, building and implementing complex IT systems and “Big Data” for the provision of electronic ticketing, real time information and payment solutions to the transport and related infrastructure industries worldwide for both government and private operators. He was responsible for operations and subsidiaries in the U.S., Sweden, France, United Kingdom, Italy, South Africa, Singapore and the Middle East.
6. From December 2004 to September 2010, CFO and acting CEO (as required) of the Australian Red Cross Society.

Other Public Companies:

Mr. O'Connor was a director of Zyber Ltd. a public company listed on the ASX from October 2018 to March 2019. Mr. O'Connor was a director of Citadel Pooled Development Fund (ASX listed) from 2005 to 2006.

Mr. O'Connor, as a member of the Audit Committee is responsible for reviewing the audited financial statements of the Company and participating in Audit Committee meetings. He is also a member of the Remuneration Committee.

Mr. O'Connor will devote approximately 15% of his time to the business of the Corporation. He has not signed any non-disclosure or non-competition agreements.

Michael Raymond Clarke Age 43 - Director

Mr Clarke has over 18 years' experience in the IT industry and has worked across both public and private enterprise during his career. He has broad experience in the deployment and management of enterprise and complex systems and worked at senior levels during this time.

Mr Clarke has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education. Mr. Clarke has been a director since May, 2014 of First Growth Funds Limited, an Australian company formerly listed on the ASX: First Growth Funds Limited is an investment company investing primarily in listed and unlisted equities, digital currency and Blockchain Related investments. First Growth Funds Limited owns 14.64% of the Ordinary Shares of SQID. See “Principal Securityholders” and “Promoters”.

From February 2013 to August 2016, Mr. Clarke was a director of Raya Group Limited (later becoming Xped Limited), listed on the ASX. Xped Limited is an Internet of Things company based in Adelaide, Australia. Its patented technology enables any smart device to be controlled with the single tap of a smartphone.

Mr. Clarke, as a member of the Audit Committee is responsible for reviewing the audited financial statements of the Company and participating in Audit Committee meetings. He is also a member of the Remuneration Committee.

Mr. Clarke will devote approximately 15% of his time to the business of the Corporation. He has not signed any non-disclosure or non-competition agreements.

Other Reporting Issuer Experience

None of the directors, officers and promoters have been directors, officers or promoters of other companies that are or were a Reporting Issuer in any Canadian jurisdiction or elsewhere.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the Corporation's knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation is, as at the date of this Prospectus, or was within ten years prior to the date of this Prospectus, a director, Chief Executive Officer or Chief Financial Officer of any company including the Corporation that:

- (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity as director, chief executive officer or chief financial officer.

For the purposes herein "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

None of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

Bankruptcies

To the Corporation's knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Corporation:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

In December 2013 a then subsidiary of SQID Technologies Limited, QPAY Pty Ltd ACN 115 922 808 had a liquidator appointed by way of a creditors' voluntary winding up and following the winding up process was

deregistered. At the time of, or for a period of 12 months before, the winding up of QPAY Pty Ltd., Peter Hall and Andrew Sterling were not directors of QPAY Pty Ltd. They were directors of the Company at that time, which was the sole shareholder of QPAY Pty Ltd.

Penalties or Sanctions

To the Corporation's knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Company will not be devoting all of their time to the affairs of the Company as they have employment outside of the Company and some of them are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

EXECUTIVE COMPENSATION

During the year ended June 30, 2019, the Company had three *NEOs*: Peter Hall, CEO, Lee Horobin, CFO and Robyn Gunnis, COO.

Compensation Discussion and Analysis

In assessing the compensation of its executive officers, for the year ended June 30, 2019 and prior years, the Company did not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board of Directors. The Company's executive compensation program is based on the qualifications and experience of its *NEOs*. The compensation paid to the CEO recognizes his 35 years as a company director, entrepreneur and professional advisor to businesses in a broad range of industries including technology and manufacturing. The CFO is paid an hourly rate that is comparable to the rates published by Hudson Accounting and Finance Salary guide and the 2017 Hays Salary Guide, neither of which names specific companies.

As of the date of this Prospectus, the Company's directors have not established any benchmark or performance goals to be achieved or met by the Named Executive Officers, however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company.

Payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers. At this time, there are compensation agreements with both the CEO, Peter Hall and the CFO, Lee Horobin.

Option Based Awards: No option based awards have been granted.

Compensation of Named Executive Officers of the Company

Peter Hall was appointed a director and CEO on October 21, 2013. Lee Horobin was appointed CFO on January 15, 2015. Robyn Gunnis was appointed COO on August 1, 2017. The following table sets forth the compensation of the Named Executive Officers for the three most recently completed fiscal years.

Summary Compensation Table

Name and principal position (a)	Year (b)	Salary (\$) (c)	Ordinary Share - based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan Annual incentive plans (\$)(f) (f1)	Non-equity incentive compensation Long-term incentive plans (f2)	Pension value (\$) (g)	All other Compensation ⁽¹⁾ (\$) (h)	Total Compensation (\$) (i)
Peter ⁽¹⁾ Hall CEO	2019 2018 2017	200,000 200,000 160,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	11,400 ⁽¹⁾ Nil Nil	211,400 200,000 160,000
Lee Horobin ⁽²⁾ CFO	2019 2018 2017	48,112 49,276 46,649	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	48,122 49,276 46,649
Robyn Gunnis ⁽³⁾ COO	2019 2018	68,300 25,572	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	68,300 25,572

(1) The Company has a five year consulting agreement with Mr. Hall dated August 1, 2018 as amended and restated on June 30, 2019, to provide his services as chairman, director and company secretary with annual fees of \$60,000 and to provide his services as CEO with an annual fee of \$140,000.

The Company paid rent of \$11,400 for the fiscal year ended June 30, 2019, to Sigrist Design Pty Ltd., a private company owned by Peter Hall. The Company has budgeted \$40,000 for rent for the fiscal year ended June 30, 2020.

(2) The Company has an agreement with Mr. Horobin dated July 1, 2017 whereby Mr. Horobin provides his services as CFO for an hourly fee of \$97 with an annual cap of \$120,000.

(3) The Company has an agreement with Mrs. Gunnis dated December 14, 2018 as amended July 11, 2019 to pay her \$15,000 a month.

As at June 30, 2019 the three executive officers were owed money by the Company in the aggregate amount of \$37,016 (2018- \$24,175). These amounts represent fees outstanding for the month of June which the executives invoice to the company monthly in arrears as a matter of course. These amounts were paid in the following month. See (“MD&A”).

Incentive Plans Awards

As at the year ended June 30, 2019 the Company had not granted any Ordinary Share based and option based awards to its NEOs.

Pension Plans Benefits

The Company does not have a pension plan or provide any benefits following or in connection with retirement for the NEOs.

Termination and Change of Control Benefits

The Company does not have detailed written employment agreements with the NEO's, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

Compensation of Directors

For the fiscal period ended June 30, 2019, Andrew Sterling and a former director, Daniel Desplat were each paid director's fees of \$40,000. The Company has agreed to pay monthly directors fees to the directors for their services in their capacity as directors for the fiscal year commencing July 1, 2019: Peter Hall will receive \$5,000 and each of the three non-management directors will receive \$3,333. Refer to the table of general and administrative fees in the section of the Prospectus entitled "Use of Funds" for details of all monies paid to executive officer and directors. There are no other arrangement pursuant to which directors are compensated by the Company in their capacity as directors.

In 2018, Daniel Desplat received director's fees of \$40,000 and in 2017 he received director's fees of \$25,000. The other directors received the same fees.

"Non executive director's fees paid in 2018

Daniel Desplat	\$40,000
Andrew Sterling	\$40,000

Non –executive director's fees paid 2017

Daniel Desplat	\$25,000
Andrew Sterling	\$25,000.

Intended Changes to Compensation

None.

Subsequent to June 30, 2019, the Company adopted the Remuneration Committee Charter attached to this Prospectus as Schedule "E". Refer to "*Audit Committee and Corporate Governance*" for additional details.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, no director, executive officer or employee of the Company is or has been indebted to the Company.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

Audit Committee The primary purpose of the Audit Committee is to assist the Board of Directors in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of our published financial information. The Audit Committee also reviews and reports to the Board of Directors on the quality and integrity of the Financial Statements and other financial information; compliance with legal and regulatory requirements related to financial reporting; the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Company and its subsidiaries; the proper maintenance of accounting and other records; annual and quarterly interim financial information; the independent audit process, including recommending the appointment and compensation of the external auditor, and assessing the qualifications, performance and independence of the external auditor; the performance and objectivity of our internal audit function; all non-audit services; the development and maintenance of procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential anonymous

submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters; the review of environment, insurance and other liability exposure issues relevant to the affairs of the Company; and any additional matters delegated to the committee by the Board of Directors.

The Audit Committee has the right, for the purposes of performing its duties, to maintain direct communication with the Company’s external auditors and Board of Directors, to inspect all books and records of the Company and its affiliates, to seek any information it requires from any employee of the Company and its affiliates and to retain outside counsel or other experts.

The Audit Committee is required to meet at least once per quarter and is comprised of not less than three directors, a majority of whom are independent (as defined in NI 52-110) and all “financially literate” within the meaning of applicable Canadian securities laws. Andrew Sterling, Michael Clarke and John O’Connor are the members of the Audit Committee.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with a company, which could, in the view of that company’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. Two of the members of the Audit Committee, Andrew Sterling and John O’Connor meet the definition of “independence” provided in NI 52- 110. Michael Clarke is not considered independent as he is a director of First Growth Funds Limited, which owns 14.64% of the Ordinary Shares and is a promoter of the Company. See “*Principal Shareholders*”, “*Promoters*” and “*Material Agreements*”.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Financial Statements. All of the members of the Audit Committee are financially literate. For details regarding the education, experience and financial literacy of the members of the Audit Committee, see “*Directors and Executive Officers*”.

It is intended that the Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to preapprove audit and non-audit services provided by the independent auditor. All such pre-approvals would be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

External Auditor Service Fee

The audit fees incurred to its external auditors, Pitcher Partners, Chartered Accountants, by the Company for the last two completed fiscal years are as follows:

Nature of Service	Fees Paid (or accrued) to Auditor in respect of the financial year ended June 30, 2019 (\$)	Fees Paid (or accrued) to Auditor in respect of the financial year ended June 30, 2018 (\$)
Audit Fees (1)	69,940	21,700
Audit-Related Fees (2)		0
Tax fees (3)	0	0
All other fees (4)	3,500	0
Total	73,440	21,700

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include fees for services that are traditionally performed by the auditor. These audit-related services may include aggregate fees for due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes aggregate fees for tax compliance, tax planning and tax advice.

(4) “All Other Fees” include all other non-audit services, in the aggregate. These services were for the review of prior prospectus and interim unaudited financial statements filed with the Commission.

Exemption

The Company is relying on an exemption provided in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

Audit Committee Charter

The Board of Directors has adopted an Audit Committee charter that sets out the roles and responsibilities of the Audit Committee. A copy of the charter is attached hereto as Schedule “C”.

Corporate Governance

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with day- to-day management of the Company.

The Company has adopted a Corporate Governance Policy to ensure that effective corporate governance practices are followed and to ensure that the Board of Directors functions independently of management. The Corporate Governance Policy is attached hereto as Schedule “D” to this Prospectus.

The following sets forth the Company’s disclosure of its corporate governance practices as they relate to the corporate governance guidelines set forth in National Policy 58-201. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board of Directors will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from holding Ordinary Shares or securities in the company. In addition, where a company has a significant shareholder, NI 58- 101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Currently, the Board of Directors is comprised of four directors, namely Peter Hall, Andrew Sterling, Michael Clarke and John O’Connor. Peter Hall is not considered independent, as he is the CEO of the Company. Michael Clarke is not considered independent as he is a director of First Growth Funds Limited, which owns 14.64% of the Ordinary Shares and is a promoter of the Company. See “*Principal Shareholders*” and “*Promoters*”. Andrew Sterling and John O’Connor are considered independent for the purposes of NP 58-201. The Board of Directors may meet independently of management as needed. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Directorships

None of the directors of the Company serve as directors of other Reporting companies. Some of the directors have been or currently are directors of Public Companies listed on the ASX. See “*Directors and Executive Officers*”.

Position Descriptions

The Company does not currently have written position descriptions for the chairman of the Board of Directors, or for the chair of each of the committees.

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company’s business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company’s public disclosure records as filed on SEDAR at www.sedar.com after the Company becomes a reporting Company. Directors are also provided with access to management to better understand the operations of the Company, and to the Company’s legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board of Directors is considering implementing a written code of ethical conduct for its directors, officers and future employees. The Board of Directors is also required to comply with the conflict of interest provisions of the Act and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest. See “*Directors and Executive Officers - Conflicts of Interest*” and “*Risk Factors*”.

Compensation

The Board has adopted a Remuneration Committee Charter pursuant to which three directors have been appointed to the Remuneration Committee: John O’Connor, Andrew Sterling and Michel Clarke. John O’Connor and Andrew Sterling are independent directors. The Remuneration Committee Charter sets out the standards and terms for the compensation of the Company’s executive officers and directors with reference to industry standards and the financial situation of the Company. The Remuneration Committee Charter is attached as Schedule “E” to this Prospectus.

Trading Policy

The Company has adopted a Trading Policy regarding the prohibition of trading with knowledge of insider information which is attached hereto as Schedule “F” to this Prospectus. Insider Information is information, including inter alia, material facts or material changes known only to the insiders of the Company, and their advisors and others on a need to know basis which is not available to the public, which could be expected to have a material effect on the price of value of the Ordinary Shares.

Whistleblower Policy

The Company has adopted a Whistleblower Policy attached hereto as Schedule G to this Prospectus. This policy provides guidance to persons disclosing to management misconduct or an improper state of affairs or circumstances relating to the Company and the rules governing the Company in this situation.

Nomination of Directors

The Company’s management is in contact with individuals involved in the technology sector. From these sources management has made a number of contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to the Company, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

Other Board Committees

Other than as disclosed herein, there are no other committees of the Board of Directors as of the date of this Prospectus.

Assessments

Neither the Company nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board of Directors as a whole. The contributions of individual directors are monitored by other members of the Board of Directors on an informal basis through observation.

RISK FACTORS

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects.

The Company's securities should be considered a highly speculative investment due to the nature of the Company's business and its present operations. An investor should carefully review the risk factors set out below and all of the information disclosed in this Prospectus before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's Ordinary Shares could decline substantially, and investors may lose all or part of the value of the Ordinary Shares held by them.

An investment in the Ordinary Shares of the Company should only be made by persons who can afford a significant or total loss of their investment. There is no market through which these Ordinary Shares may be sold.

No Market for the Shares: There is no market through which the Ordinary Shares may be sold and there are no assurances that any market will develop in the future. This means that there is no central place, such as a stock exchange or stock quotation system, to resell the Ordinary Shares. This means that even if you locate a buyer and negotiate your own sale, you may still not be allowed to resell the Ordinary Shares or to pledge the Ordinary Shares as collateral for a loan. Accordingly, an investment in the Ordinary Shares should only be considered by investors who are able to bear the economic risk of a long-term investment and do not require liquidity.

Risk of No Return on Investment: There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Ordinary Shares will earn a specified rate of return or any return over the life of the Company.

Uncertainty of Additional Financing: There are no assurances that the Company's future working capital will be adequate to execute its business plan or objectives as contemplated herein. The Company does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Company will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse effect on the Company. Equity financing and the additional issuance of equity securities will result in the substantial dilution to the Company's shareholders.

Risks Specific to the Company

Uncertainty of Use of Proceeds: Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "Use of Proceeds".

Reliance on the Directors and Officers and Other Key Personnel: The Company has a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Company is dependent upon the skills of the management team listed in items “*Directors and Executive Officers*” for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company.

Conflicts of Interest: The directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Company. Investment in the Company will not carry with it the right for either the Company or any subscriber to invest in any other property or venture of the directors and officers of the Company, or to any profit therefrom or to any interest therein. The directors and officers have a responsibility to identify and acquire suitable acquisition targets on behalf of the Company. To the extent that an opportunity arises to enter into such an agreement, the directors of the Company have the discretion to determine whether the Company will avail itself of the investment opportunity and, if it does not, any of the directors and officers of the Company shall be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Company, the directors and officers of the Company have no obligation to offer an investment opportunity to the Company. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

Employee Recruitment Risk: The successful operation of SQID also relies on SQID’s ability to attract and retain a small team of experienced employees with specialist skills, including relationship managers, qualified software developers, key programming staff, sales staff, operational staff and the management team. These persons possess intimate knowledge of the SQID technology through extensive experience applying the technology.

Although the SQID technology has been documented, the loss of these key personnel may adversely affect the Company’s prospects of pursuing its development programs within timeframes expected in the industry. If the business expands and grows, failure to appropriately recruit and retain employees may adversely affect SQID’s ability to develop and implement its business strategies.

Relationship with Westpac and Merchant Warrior: The agreements with “Westpac” and “Merchant Warrior” are essential to the Company’s operations and without them the Company cannot operate. The Company’s payment processes services requires “Acquirers” such as “Westpac” and “Merchant Warrior”, which are registered member of a “Card Network” such as Visa or MasterCard. The “Acquirers” accepts transactions on behalf of a “Card Network” for a merchant. “Westpac” can unilaterally amend its “Westpac Agreement” with “SQID Payments” and cancel the “Westpac Agreement” for no reason on 30 days’ notice. “Merchant Warrior” can amend its agreement for specified reasons. If both agreements were cancelled the Company would cease operations after 30 day unless it found a replacement bank registered to the Network. Refer to “*Description of the Business*” for full details.

Relationships with Key Third Party Suppliers and Service Providers: SQID’s business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers, who provide a number of services that are key to SQID’s service offering, including hosting, certain software applications, data providers and the provision of insurance. Contracts with these suppliers and service providers are typically terminable without cause, in some cases on short notice.

Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact SQID’s ability to win and retain contracts, each of which could materially adversely affect SQID’s business, operating and financial performance.

Where SQID relies on third party systems, SQID always seek to have service level agreements with minimum performance criteria set. Payment to the service providers is dependent on their continuity of their services. SQID will actively seek alternative supply channels to mitigate the impact should there occur a "no fault" termination of a supply agreement. There is no assurance that SQID can always maintain or replace its third party systems in a timely manner and prevent loss of service.

Loss of Customer Contracts: The Company's contracts, including with key customers, may generally be terminated without cause by a customer, in some cases on short notice. SQID could lose key customers or material contracts, due to a range of events including, because of failure to renew a contract, a loss of a tender, a deterioration in customer service levels or relationships, or disputes with customers. Any of these factors could materially adversely affect SQID's business, operating and financial performance.

SQID, like all service providers, must deliver services that continue to meet the needs of its customers. SQID is dependent on retaining in-house software development capability to ensure its business continues to evolve and service the needs of its customers. There is no assurance that it will be successful in recruiting and keeping the personnel required for delivery of its services.

Profit Margins: Margins vary considerably across the range of products and services that SQID provides and a change in the mix of products and services that SQID sells to its customers could have a material adverse impact on SQID's financial performance.

Operational Risks: The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Security Risks

Rapid Technology Change: The Company's products and services are dependent upon advanced technologies, which are susceptible to rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete because of, such technological changes. There can be no assurance that the Company can respond in a timely manner so that its response will be adequate to successfully overcome the technological change.

Disruption of Technology Platforms: SQID's ability to provide reliable services, effective payment and transaction processing and accurate and timely reporting for its customers is a key aspect of its business. This depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems, IT infrastructure and back-end data processing systems.

SQID's core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events. Any systemic failure or sustained disruption to the effective operation of SQID's technology platform could severely damage SQID's reputation and its ability to generate new business or retain existing business, directly impair SQID's operations and customer service levels or

necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect SQID's business, operating and financial performance.

Data Security Risks: The Company will utilize servers with significant amounts of data stored via third party companies being AWS. Should the Company be responsible for the loss of any or all the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data will be confidential. The company does not store full card data. If the company's data is ever compromised, then customer card data will not be accessible to those in possession of the data. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

Cybersecurity. SQID is subject to Australian Privacy legislation which includes the requirement to advise an entity if their identity has been compromised. SQID is also required to comply with the Payment Card Industry (PCI) standard, which sees us adhere to very strict rules in the use of the software and hardware we implement in our hosting environment. All our data is hosted remotely by Amazon Web Services (AWS), which also complies with the PCI standard. The Company relies on AWS cybersecurity arrangements. The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that all companies that accept, process, store or transmit credit card information maintain a secure environment. The AWS/SQID secure environment incorporates firewalls, routing rules, authorized access only and encryption

Internet Fraud. SQID has detailed merchant vetting / KYC procedures used to detect or mitigate fraud. Merchant accounts all have transaction limits, in line with the industry they are in, and all transactions are monitored and assigned a risk score. SQID also has transaction monitoring including the flagging of chargeback activity; SQID has the ability to withhold settlements pending an investigation into transactions. SQID also takes bonds from merchants as security in case the need to recover chargebacks arises. Bonds also act as a deterrent to fraudsters from even commencing the merchant onboarding process.

Money Laundering. This is a significant for all businesses. SQID is governed by the Australian Anti-Money Laundering legislation and is required to operate in a PCI (Payment Card Industry) compliant manner when dealing with credit card information and payments.

Management of Growth: The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its executive officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Increases in Competition: The payment processing industry is highly competitive and SQID may face increased competition from actions by existing competitors, the entry of new competitors, consolidation between existing competitors or from major customers bypassing payment processing and transactions switching companies and transacting directly with end customers.

SQID's competitive position may deteriorate because of these factors, or a failure by SQID to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in SQID's competitive position could materially adversely affect SQID's business, operating and financial performance.

Unforeseen Competition: There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Company. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for such products and services.

Damage to Reputation or Brand: SQID's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service levels, improper conduct, adverse media coverage or underperformance of customer-facing third-party suppliers and service providers. Reputational damage may potentially result in a failure to win new contracts and impinge on SQID's ability to maintain relationships with existing customers, suppliers and service providers and impede its ability to compete successfully in the payment transactions industry and to attract key employees. If any of these occur, this could materially adversely affect SQID's business, operating and financial performance.

The Company is proactive in dealing with these risks by regular reporting to customers about service levels, which allows the Company's representatives to be proactive in identifying and mitigating any service level deterioration. Regular systems maintenance is also important to ensure optimum services levels and minimum disruption to customers. There is no assurance that the Company's efforts to mitigate these risks will always be successful.

Exposure to Adverse Macroeconomic Conditions: SQID is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into transaction processing arrangements. These macroeconomic conditions may materially adversely affect SQID's business, operating and financial performance. Payment transactions are the core of most commercial activity. Unless there is a catastrophic event, payment processing will occur.

Protection of Intellectual Property: SQID relies on laws relating to patents, trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. There is a risk that unauthorized use and copying of SQID customer-facing technology platform will occur, or third parties will successfully challenge the validity, ownership or authorized use of intellectual property. This could involve significant expense and potentially the inability to use the intellectual property, which could materially adversely affect SQID's business, operating and financial performance. SQID does not currently have insurance for this possibility.

The Company is considering insurance (if available on economic terms) to fund possible future enforcement action against any potential infringer. There is no assurance that the Company's efforts to prevent unauthorized use or copying of its technology will always be successful.

Acquisition Risk and Associated Risk of Dilution: SQID's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with SQID's existing business, the financial performance of SQID could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed. There are no specific acquisitions proposed at this time.

Expansion of its Merchant Base and Industries Served: There is no assurance that the Company's plans to expand its Merchant Base and to expand the industry sectors in which it currently operates will be successful. See "*Description of the Business*" and "*Use of Funds*".

Credit Card Prepayment Risk: SQID Payments is at risk if merchants fail to deliver goods to their customers that were purchased using credit cards. SQID Payments may be liable for chargebacks from the card schemes or card issuing banks. Further if the number of chargebacks in a given period is considered excessively high, SQID Payments is at risk of incurring levy fines or even being excluded from participation in their networks.

SQID attempts to mitigate these risks by withholding the chargeback value from settlements to merchants and holds direct debit authority with merchants to recover unfunded chargebacks. SQID may request security deposits from merchants at risk of prepayment default. SQID is also seeking insurance if this is available at economic rates.

Insurance Risk: SQID's only insurance is mandatory worker's compensation insurance. SQID does not currently hold insurances against the identified risks of its operations. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of SQID. There are uninsurable risks such as cardholder fraud, merchant fraud, merchant business failure and adverse regulatory changes.

Exchange Rate Risk: SQID currently operates in Australia. The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Australian dollar.

Unforeseen Expenses

All expenses that SQID is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations

There are no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and employment standards. The future operations of the Company outside of Australia may require permits from various federal, state/provincial and local governmental authorities and will be governed by laws and regulations governing taxes, labour standards, occupational health, and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required.

Environmental and Safety Regulations and Risks, Climate Change

There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. SQID, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on SQID's business is not foreseeable at this time.

Dividends

The Company does not anticipate paying any dividends on its Ordinary Shares in the near future.

List Not Exhaustive

The above list of risk factors ought not to be taken as exhaustive of the risks faced by SQID or by Shareholders. The above factors and others not specifically referred to above may in the future materially affect the financial performance of SQID and the value of the Ordinary Shares described by this Prospectus. Accordingly, the Ordinary Shares under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Ordinary Shares.

Investors considering a purchase of the Ordinary Shares should consider that the investment in SQID is speculative, carefully consider the foregoing risk factors and should consult their professional advisers to assess income tax, legal and other aspects of an investment in the Ordinary Shares before making financial decisions regarding a purchase of SQID Ordinary Shares.

PROMOTERS

Peter Hall is considered to be a “promoter” of the Company as that term is defined in the *Securities Act* (British Columbia) as he was involved in its reorganization from October 2013 to January 2014. The Company has a contract with Mr. Hall to provide his services as a director and CEO and directors. No options have been granted to Mr. Hall. See “*Directors and Executive Officers*” for details regarding his compensation for the last three years and for the 2020 fiscal year. In the past ten years, Mr. Hall has not been subject to any settlement proceeding or order (a cease trade order or an order similar to a cease trade order) or bankruptcy proceedings.

First Growth Funds Limited, an investment company, formerly listed on the ASX is a promoter of the Company. The Ordinary Shares of First Growth Funds Limited initially listed on the ASX in 1986. On April 4, 2019 the Ordinary Shares were halted from trading by the ASX on the basis that its activities constituted a change to the nature and scope of FGF’s investments. It voluntarily delisted from the ASX on December 4, 2019 (the “Delisting”). The full details of the Delisting are set out in the section entitled “Principal Shareholders”.

Advisory Agreement between First Growth Funds Limited and the Company

First Growth Funds Limited and the Company, signed an agreement dated June 13, 2019 (the “*June 13, 2019 Agreement*”) whereby First Growth Funds Limited was to provide advisory services regarding a post Listing IPO, capital raising with introduction to institutional funds and brokers, news flow, post Listing ongoing investor relations, fund raising strategies, introductions to new clients and partnerships and corporate advisory services for capital management, capital raising and mergers and acquisitions. First Growth Funds Limited had the right to nominate two directors to the board of directors and to allow shareholders of First Growth Funds Limited the right to participate in any capital raising post Listing. It recommended two people who were vetted and approved by Sqid: Michael Clarke who was appointed to the board of directors on August 6, 2019 and provides capital markets, corporation governance and regulatory compliance experience; and John O’Connor who was appointed to the board of directors on July 18, 2019 who provides finance, corporate governance and regulatory compliance experience and he also has experience in the payment process industry. The *June 13, 2019 Agreement* also provided for the issue of 540,000 at \$0.006 per Ordinary Share. See “*Directors and Executive Officers*”.

On November 1, 2019, the June 13, 2019 Agreement was cancelled. The 540,000 Ordinary Shares (consolidated to 270,000) were cancelled on December 13, 2019. 151,515 Ordinary Shares at a price of \$0.30 per Ordinary Share were issued to First Growth Funds in settlement of an invoice for \$45,454 plus GST for services provided from December 2018 to October 2019. In addition to the 151,515 Ordinary Shares, First Growth Funds Limited owns 1,000,000 Ordinary Shares of the Company for a total of 1,151,515 representing 14.64% of the issued and outstanding Ordinary Shares. See “*Prior Sales*” and “*Principal Security Holders*”.

The CEO of First Growth Funds Limited is also the CEO and owner of Shape Capital Pty. Ltd. (“Shape”).

The Company and Shape Capital Pty Ltd. entered into an advisory agreement dated June 13, 2019. Services to be provided by Shape were general capital markets and corporate advisory services and advice regarding an IPO in North America; preparation for an IPO and introductions to investment banks in the USA and Canada and local legal advisor and investment relations firms; coordination of the due diligence process and strategic advice on transactions and structure and assist with listing, investor presentations, securing funding commitments and introductions to investors and support any capital fund raising. The agreement provided for the issue of 1,160,000 Ordinary Shares which Shape subscribed for and paid for at \$0.006 per Ordinary Share. On November 1, 2019, the June 13, 2019 agreement was cancelled and the 1,160,000 Ordinary Shares (consolidated to 580,000) were cancelled on December 13, 2019.

Shape Capital Pty Ltd. issued an invoice dated November 1, 2019 for \$205,454.54 plus GST for services provided from December 2018 to October 2019 regarding, general corporate advice, due diligence, review of all matters including all material agreements, conducted a risk assessment review, RTO and listing possibilities in Australia and North America, market analysis, funding requirements, IPO requirements, listing requirements, project management. The \$205,454.54 was paid by the issue of 684,848 Ordinary Shares. A director and the sole shareholder of Shape Capital Ltd., Anoosh Manzoori is also the CEO of First Growth Funds Limited which is a promoter of the Company. Mr. Manzoori owns 3.86% of the Ordinary Shares of First Growth Funds Limited. See “*Principal Securityholders*”.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings, regulatory actions, pending legal proceedings, or regulatory actions to which the Company is or is likely to be a party.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Prospectus, there are no material interests, direct or indirect, of officers, senior officers, any shareholders who beneficially own, directly or indirectly, more than 10% of the outstanding Ordinary Shares or any known associate or affiliate of such persons, in any transaction since incorporation or in any proposed transaction, which has materially affected or is reasonably expected to materially affect the Company. See “*Description of the Business*” and the disclosure therein.

AUDITOR, TRANSFER AGENTS AND REGISTRAR

Auditor

The auditor of the Company is Pitcher Partners, Chartered Accountants and member of the Institute of Chartered Accountants of Australia. Pitcher Partners is located at Level 38, 345 Queen St Brisbane QLD 4000, GPO Box 1144 Brisbane QLD 4001. Pitcher Partners was appointed the audit of the Company on February 22, 2019.

Registrar and Transfer Agent and Escrow Agent

The Transfer Agent and Registrar of the Company’s Ordinary Shares and the Company’s Escrow Agent is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9 who will maintain the Company’s central securities register.

MATERIAL CONTRACTS

The following are the material contracts of the Company that are outstanding as of the date of the Prospectus:

- (a) Escrow Agreement dated December 13, 2019 between the Company, the Escrow Agent and certain shareholders of the Company. See “*Escrowed Securities and Other Securities Subject to Resale Restrictions on Transfer*” and “*Directors and Officer*”.
- (b) Transfer Agent Agreement with Computershare Investor Services Ltd. dated August, 26, 2019.
- (c) Westpac Agreement dated January 29, 2009 and a novation agreement dated December 12, 2013 among Westpac and SQID Payments and QPAY Pty. Ltd. See “*Description of the Business*”.
- (d) Merchant Warrior Agreement dated August 29, 2019 between Merchant Warrior and SQID Payments.
- (e) Non-exclusive, arms-length advisory agreement dated June 12, 2019 as amended October 30, 2019 between the Company and TriPoint Global Equities LLC (“TriPoint”) of New York, New York, USA. TriPoint is a US registered broker dealer with FINRA and the SEC and is the advisor for the Company on U.S. matters. Services to be provided by TriPoint are a review and plan of the Company’s financial requirements; introduction to legal counsel. Post Listing: introductions to Canadian investments bankers for a post listing offering; assist in staying in good standing and assist regarding the CSE Listing and subsequent compliance requirements, advice regarding the Company’s business plans and of corporate documents; creation of corporate image and investor relations plans and other matters the parties agree to. The agreement originally provided for the issue of 540,000 Ordinary Shares to TriPoint at a price of \$0.006 per Ordinary Share. Pursuant to the amendment on October 30, 2019 the 540,000 Ordinary Shares (consolidated to 270,000) were cancelled on December 13, 2019. The

amendment provided for total fees of U.S. \$55,000 consisting of an initial retainer fee of U.S. \$10,000 and a monthly fee of U.S. \$3,750. TriPoint issued an invoice dated October 31, 2019 for U.S. \$28,750 for four months of services from June through October and for the initial retainer of U.S. \$10,000. The total of \$28,750 was converted to AUD\$ at a conversion rate of 1.46 for a total of \$49,175. This fee was paid by the issue of 139,917 Ordinary Shares at a price of \$0.30 per Ordinary Share. See "*Prior Sales*". Tripoint has deferred the issue of the 18,760 Ordinary Shares for the months of November and December 2019 until the end of January 2020 when the January issuance is due.

EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document or a report of valuation described in the Prospectus:

Pitcher Partners, Chartered Accountants, audited the year-end audited financial statements ended June 30, 2019 and June 30, 2018. Pitcher Partners is a member of the Institute of Chartered Accountants of Australia and as of the date of this Prospectus did not own or have any registered or beneficial interests, directly or indirectly, in any securities or other property of the Company.

OTHER MATERIAL FACTS

There are no further facts or particulars in respect of the securities being distributed pursuant to this Prospectus that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

FINANCIAL STATEMENTS

The unaudited quarterly financial statements for the three months ended September 30, 2019 are attached to this Prospectus as Schedule "A".

The audited, annual, comparative financial statements for the fiscal years ended June 30, 2019 and June 30, 2018 are attached to this Prospectus as Schedule "B".

The year end is changing from June 30 to December 31 effective December 31, 2019.

Schedule A-1 September 30, 2019 quarterly unaudited financial statement

**SQID TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 44 121 655 472

**FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED
30 SEPTEMBER 2019**

**SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED
30 SEPTEMBER 2019**

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DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of SQID Technologies Limited (the company) and the entities it controlled (the group), for the financial Three-Month period ended 30 September 2019 and auditor's report thereon.

Directors

The names of directors in office at any time during the three-month period are:

Andrew Sterling appointed 5th August 2013

Peter Hall appointed 21st October 2013

Daniel Desplat appointed 8th July 2009. Resigned 18th July 2019

John O'Connor appointed 18th July 2019

Michael Clarke appointed 6th August 2019

The directors have been in office since the start of the three-month period to the date of this report unless otherwise stated.

Principal activities

The principal activities of the group during the **three-month period** were the processing of credit card payments and direct debits on behalf of Australian e-commerce merchants and related businesses.

There has been no significant change in the nature of these activities during the **three-month period**.

Results

The consolidated profit after income tax attributable to the members of the group was \$56,330 (2018: \$100,689).

Review of operations

A review of the operations of the group during the **three-month period** and the results of those operations are as follows:

- The group's operations
 - Processing credit card transactions for ecommerce merchants and deducting a fee from these transactions.
 - Processed transactions volume has grown since last period and margins have remained consistent.
 - The underlying drivers of and reasons for the group's performance remain the same as last year, with no key developments in the reporting period, and no significant factors affecting the group's results.
 - There is one key operating segment of the business.
- The financial position of the group
 - The wholesale rate that the Company acquires transaction at and the retail rate that is received for the processing of transactions remains consistent with prior periods.
 - The accounting information and other details relevant to an understanding of the financial position of the group are:
 - There have been no significant changes in assets and liabilities as a result of major business acquisitions or disposals.
 - There have been no changes in the funding or dividend strategy of the group.
 - There is no doubt about the group to continue as a going concern.
 - There have been no impacts of any unrecognised assets and/or any exposures not recognised in the financial statements.
 - There have been no unusual contractual conditions.
 - There has been no modification by the group's auditor in the audit report.

Significant changes in the state of affairs

There have been no significant changes in the group's state of affairs during the **three-month period**.

Subsequent events

At a shareholders meeting on December 13, 2019 the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. The shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were replaced by invoices for services provided in the period from October 1, 2018 to October 31, 2019 with the costs recognized as "Listing expenses".

The invoices were settled by the issue of ordinary shares as follows.

Entity	Shares at \$0.30	Total Value
Tripont Global Equities LLC	139,917	\$41,975
First Growth Funds Limited	151,515	\$45,454
Shape Capital Pty Ltd	684,848	\$205,454

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The group plans to list its shares on the Canadian Stock Exchange (CSE). Depending on compliance requirements this is expected to occur between September 2019 and June 2020. The group also plans on recruiting a CEO to facilitate the ongoing growth of the group.

Environmental regulation

The group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of the group at any time during or since 1 July 2018 is provided below, together with details of the company secretary as at the year end.

Andrew Sterling Cert IV in Financial Services, Diploma of Financial Services	<ul style="list-style-type: none">• Over 30 years of banking and finance experience including senior positions at ANZ & Citibank.• Member of Audit & Remuneration Committees.• No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Peter Hall BSc, MBA	<ul style="list-style-type: none">• Over 35 years of experience as a company director, entrepreneur and professional advisor to businesses.• No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Daniel Desplat	<ul style="list-style-type: none">• Founding investor in the company.• No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Lee Horobin – Company Secretary B.Bus (Acc), B.Bus (Acc) (Hons), MBA, CPA, GAICD, ACIS	<ul style="list-style-type: none">• Over 15 years of experience in finance and governance roles across varied industries and organisation types.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Andrew Sterling	1	1		
Peter Hall	1	1		
John O'Connor	1	1		
Michael Clarke	1	1		

Directors' interests in shares or options

Directors' relevant interests in shares of SQID Technologies Ltd or options over shares in the company as at the date of signing this report are detailed below.

Directors' relevant interests in:	Ordinary shares of SQID Technologies Ltd	Options over shares in SQID Technologies Ltd
Andrew Sterling	903,300	-

Indemnification and insurance of directors, officers and auditors

During the previous financial year, the group has paid premium amounted to \$5,995 insuring all the directors and the officers against any payment they shall become legally obligated to make (excluding fines, penalties or exemplary damages), legal costs and expenses arising out of any claims made against them jointly or severally by reason of wrongful acts including breach of duty or trust, neglect, error, misstatement or misleading statement, omission, breach of warranty of authority or other act done or wrongly attempted whilst acting in their capacity as director or officer of the nominated company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or any of its subsidiaries.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).



Peter Hall - Director

Brisbane
Date December 18, 2019

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES
ABN: 44 121 655 472

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2019 WITH COMPARATIVE FIGURES
 FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

	Notes	30 SEPTEMBER 2019 \$	30 SEPTEMBER 2018 \$
Revenue and other income			
Revenue from contracts with customers		1,692,648	907,734
Interest income		26,613	4,319
		1,719,261	912,053
Less: Expenses			
Direct transaction costs		1,004,984	526,728
Employee benefits expense	16	109,918	45,266
Depreciation and amortisation	9, 10	19,006	2,181
Consultancy fees	16	131,016	67,991
Professional fees		10,000	20,000
Listing expenses	16	269,003	-
IT & hosting costs		19,465	12,276
Other expenses	16	78,172	79,935
		1,641,564	754,377
Profit before income tax expense		77,697	157,676
Income tax expense	4	21,367	56,987
Profit for the year		56,330	100,689
Other comprehensive income		-	-
Total comprehensive income for the year		56,330	100,689
Basic earnings per share	15	0.01	0.01
Diluted earnings per share	15	0.01	0.01

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	5	981,081	1,126,600
Merchant Float	7	2,464,494	722,210
Receivables	6	193,958	194,111
Other financial assets	8	1,900,295	1,375,424
Prepayments		31,350	45,742
Total current assets		5,571,179	3,464,087
Non-current assets			
Property, plant and equipment	9	1,376	1,654
Intangible assets	10	188,906	202,496
Other assets – security bond		50,000	-
Deferred tax assets	4	559,698	581,064
Total non-current assets		799,980	785,214
Total assets		6,371,159	4,249,301
Current liabilities			
Payables	11, 16	3,042,062	986,246
Other liabilities	12	641,717	639,215
Provisions		45,125	37,915
Total current liabilities		3,728,904	1,663,376
Total liabilities		3,728,904	1,663,376
Net assets		2,642,255	2,585,925
Equity			
Share capital	13, 17	6,544,627	6,544,627
Retained earnings / (accumulated losses)		(3,902,372)	(3,958,702)
Total equity		2,642,255	2,585,925

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Accumulated	Total equity
	\$	losses	\$
	\$	\$	\$
Balance as at 1 July 2018	6,529,286	(4,766,095)	1,763,191
Profit for the three-month period ended September 30, 2018	-	100,689	100,689
Balance as at 30 September 2018	6,529,286	(4,665,404)	1,863,880
Shares issued	15,341	-	15,341
Profit for the nine-month period ended 30 June 2019	-	706,704	706,704
Balance as at 30 June 2019	6, 544,627	(3,958,702)	2, 585,925
Balance as at 1 July 2019	6,544,627	(3,958,702)	2,585,925
Profit for the three-month period ended September 30, 2018	-	56,330	56,330
Balance as at 30 September 2019	6, 544,627	(3,902,372)	2,642,255

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Notes	30 September 2019 \$	30 September 2018 \$
Cash flow from operating activities			
Receipts from customers		1,813,103	1,003,395
Payments to suppliers and employees		(1,485,235)	(697,068)
Interest received		26,613	4,319
Net cash provided by operating activities	14(a)	354,481	310,646
Cash flow used in investing activities			
Payment for investments		(500,000)	
Payment for software asset		-	
Net cash used in investing activities		(500,000)	
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the three-month period	14(b)	1,126,600	641,811
Cash and cash equivalents at end of the three-month period	5	981,081	952,457

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS THREE-MONTH PERIOD ENDED 30 SEPTEMBER 30, 2019**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

The following are the significant accounting policies adopted by SQID Technologies Ltd (the company) and its controlled entities (the group) in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report*Compliance with IFRS*

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Company's financial statements for the year ended June 30, 2019.

The financial report covers SQID Technologies Ltd and its controlled entities as a group. SQID Technologies Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of the group's registered office and principal place of business is 63 Westgate Street, Wacol QLD 4076. The group is a for-profit entity for the purpose of preparing the financial report.

The financial report was approved by the directors as at the date of the directors' report.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

All amounts are presented in Australian dollars.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of May 29, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending June 30, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

NOTE 3: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Other market risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The group holds the following financial instruments:

	2019	30 June 2019
	\$	\$
Financial assets		
<u>Amortised cost:</u>		
- Cash and cash equivalents (note 5)	981,081	1,126,600
- Merchant float (note 7)	2,464,494	722,210
- Receivables (note 6)	193,958	194,111
- Other financial assets (note 8)	<u>1,900,295</u>	<u>1,375,424</u>
	<u>5,539,828</u>	<u>3,418,345</u>
Financial liabilities		
<u>Amortised cost:</u>		
- Payables (note 11)	3,042,062	986,246
- Other liabilities (note 12)	<u>641,717</u>	<u>639,215</u>
	<u>3,683,779</u>	<u>1,625,461</u>

(a) Interest rate risk

The group is exposed to interest rate risk in relation to its other financial assets. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The group does not actively manage interest rate risk.

(a) Interest rate risk (Cont'd)

The following table outlines the group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
30 September 2019	\$	\$	\$	%	
<i>(i) Financial assets</i>					
Cash	-	981,081	981,081	0.2%	n/a
Merchant Float	-	2,464,494	2,464,494	0.0%	n/a
Receivables	-	193,958	193,958	0.0%	n/a
Other financial assets	1,900,295	-	1,900,295	4.0%	Variable
Total financial assets	1,900,295	3,639,533	5,539,828	1.7%	
<i>(ii) Financial liabilities</i>					
Payables	-	3,042,062	3,042,062	n/a	n/a
Other liabilities	-	641,717	641,717	n/a	n/a
Total financial liabilities	-	3,683,779	3,683,779	n/a	
30 June 2019					
<i>(i) Financial assets</i>					
Cash	-	1,126,600	1,126,600	0.2%	n/a
Merchant Float	-	722,210	722,210	0.0%	n/a
Receivables	-	194,111	194,111	0.0%	n/a
Other financial assets	1,375,424	-	1,375,424	4.0%	Variable
Total financial assets	1,375,424	2,042,921	3,418,345	1.7%	
<i>(ii) Financial liabilities</i>					
Payables	-	986,246	986,246	n/a	n/a
Other liabilities	-	639,215	639,215	n/a	n/a
Total financial liabilities	-	1,625,461	1,625,461	n/a	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

If interest rates were to increase/decrease by 1 basis point from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact on profit for the year and equity would be as follows:

	2019	2018
+/- 1 basis point	\$	\$
Impact on profit after tax	201	66
Impact on equity	201	66

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation.

The group is exposed to credit risk to the extent that customers may incur chargeback volumes that exceed the funds to be settled to them, and the group is subsequently unable to recover these funds.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date of recognised financial assets is the carrying amount of those assets, net of any allowance for credit losses, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The group has significant merchant concentration risks, however, each merchant is assessed prior to and during their relationship with the group as to their perceived credit risk, and where necessary, a bond (other liabilities) is taken from the merchant. This merchant bond can be adjusted from time to time. The total value of merchant bonds held is \$641,717 (2018: \$642,677).

The group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the group.

i) Cash and cash equivalents and other financial assets

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks as well as having funds invested with Australia's largest non-bank home loan lender.

ii) Receivables from contracts with customers

Credit risk for receivables from contracts with customers is managed by transacting with as large number of customers as possible, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The group maintains strong current and quick ratios to ensure the risk of illiquidity is minimal.

The following table outlines the group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
30 September 2019					
Payables	3,042,062	-	-	3,042,062	3,042,062
Other liabilities	-	641,717	-	641,717	641,717
	3,042,062	641,717	-	3,683,779	3,683,779
30 June 2019					
Payables	986,246	-	-	986,246	986,246
Other liabilities	-	639,215	-	639,215	639,215
	986,246	639,215	-	1,625,461	1,625,461

SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES
ABN: 44 121 655 472

NOTE 4: INCOME TAX	2019	30 June 2019
	\$	\$
<i>(a) Components of tax expense:</i>		
Deferred tax	21,367	340,329
	21,367	340,329
<i>(b) Income tax reconciliation</i>		
The prima facie tax payable on profit before income tax at 27.5% (2019: 27.5%) is as follows:		
Income tax expense attributable to profit	21,367	315,624
Less tax effect of:		
- Non-deductible expenses	-	24,705
	21,367	340,329
<i>(c) Deferred tax</i>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	544,160	561,976
Accrued expenses	3,129	12,252
Employee benefits	12,409	10,427
	559,698	584,655
<i>Deferred tax liabilities</i>		
The balance comprises:		
Prepayments	-	3,591
	-	3,591
<i>Net deferred tax assets</i>	559,698	581,064

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	981,081	1,126,600
	981,081	1,126,600

NOTE 6: RECEIVABLES

CURRENT		
Receivables	193,958	194,111
	193,958	194,111

Receivables from contracts with customers represent the group's unconditional right to consideration arising from the transfer of goods or services to the customer. In the vast majority of instances, transactions fees are paid for during the process of settling funds to merchants.

Cash bonds are secured from merchants as collateral for their accounts, refer note 15. All receivables from contracts with customers can be recovered by drawing down on a merchant's bond as and if required.

NOTE 7: MERCHANT FLOAT

CURRENT		
Merchant float	2,464,494	722,210
	2,464,494	722,210

NOTE 8: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at amortised cost:

- Units in residential mortgage fund ⁽¹⁾	1,900,295	1,375,424
	1,900,295	1,375,424

⁽¹⁾ These investments have been acquired by the group principally for the purpose of investment of excess cash. Distribution statements are received monthly detailing the value of the investment and interest earned. These held by the group in a business model whose objective is collecting contractual cash flows that are solely payments of principal and interest. Accordingly, these investments are classified (and measured) at amortised cost.

2019 30 June 2019

NOTE 9: PROPERTY PLANT AND EQUIPMENT

Plant & equipment

At cost	11,170	6,031
Accumulated depreciation	(9,794)	(4,377)
	1,376	1,654

Reconciliation

Carrying amount at beginning of period	2,488	2,766
Additions	4,305	551
Depreciation expense	(5,417)	(1,663)
Carrying amount end of period	1,376	1,654

NOTE 10: INTANGIBLE ASSETS

Patents

At cost	153,393	153,393
Accumulated impairment loss	(92,624)	(90,722)
	60,679	62,671

Reconciliation

Carrying amount at beginning of period	62,671	70,281
Amortisation	(1,902)	(7,610)
Carrying amount end of period	60,679	62,671

Capitalised Software Development

At cost	233,733	233,733
Accumulated impairment loss	(105,596)	(93,908)
	128,137	139,825

Reconciliation

Carrying amount at beginning of period	139,825	135,930
Additions		46,038
Amortisation	(11,688)	(42,143)
Carrying amount end of period	128,137	139,825

Total intangible assets	188,906	202,496
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2019 30 June 2019

NOTE 11: PAYABLES

CURRENT

Trade payables	109,412	72,198
Settlement clearing	2,491,351	487,549
Other payables	441,299	426,499
	3,042,062	986,246
	3,042,062	986,246

NOTE 12: OTHER LIABILITIES

CURRENT

Merchant Bonds	641,717	639,215
	641,717	639,215
	641,717	639,215

NOTE 13: SHARE CAPITAL

(a) Issued and paid up capital

Ordinary shares opening balance	16,475,298	13,775,298
Shares issued	-	2,700,000
Reduction on consolidation of two shares for one share	(8,237,622)	-
	8,237,676	16,475,298
	8,237,676	16,475,298

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

On September 5, 2019, the Company completed a share consolidation, converting every two ordinary shares into one new ordinary share. As a result of the share consolidation the number of shares issued at June 30, 2019 reduced from 16,475,298 to 8,237,676.

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

NOTE 14: CASH FLOW INFORMATION

	Three Months Ended	
	September 30, 2019	September 30, 2019
	\$	\$
Profit from ordinary activities after income tax	56,330	100,689
<i>Non-Cash Items</i>		
Amortisation	13,589	18,728
Depreciation	5,417	278
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in merchant float	(1,742,084)	53,925
(Increase)/decrease in receivables	952	97,535
(Increase)/decrease in other assets	14,392	(8,179)
(Increase)/decrease in deferred taxes	21,367	56,987
(Decrease)/increase in payables	1,974,806	6,350
(Decrease)/increase in provisions	7,210	(11,768)
(Decrease)/increase in other liabilities	2,502	(3,899)
Net cash flow from operating activities	354,481	310,646
<i>(b) Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
– Cash at bank and on hand	981,081	952,457
Closing cash balance	981,081	952,457

NOTE 15: EARNINGS PER SHARE

	Three Months Ended	
	September, 30 2019	September, 30 2018
	No of Shares	No of Shares
Reconciliation of earnings used in calculating earnings per share:		
Profit from operations	56,330	100,689
Profit used in calculating basic and diluted earnings per share	56,330	100,689
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	8,273,676	6,887,676
Basic and diluted earnings per share	0.01	0.01

NOTE 16: RELATED PARTY DISCLOSURES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the interim three-month periods ended September 30, 2019 and 2018. The following table provides the total amount of transactions with related parties for the three-month periods ended September 30, 2019 and 2018 and outstanding payables as at September 30, 2019 and June 30, 2019:

	Transaction	Amount (\$)		Payables (\$)	
		2019	2018	2019	2018
Sigrist Design Pty Ltd ⁽¹⁾	Other Expenses	7,500	-	2,500	-
First Growth Funds Limited ⁽²⁾	Listing expenses	19,500	-	42,227	-
Shape Capital Pty Ltd ⁽³⁾	Listing expenses	102,799	-	164,435	-
Directors and senior officers	Consulting fees	131,016	67,991	48,129	26,207
Directors and senior officers	Other expenses	24,301	10,000	-	-
Directors and senior officers	Employee expenses	214	-	-	-

⁽¹⁾ Director Peter Hall has a beneficial interest in Sigrist Design Pty Ltd. which rents out office space as well as being the registered office for the Group. This arrangement commenced January 2019.

⁽²⁾ First Growth Funds Limited issued an invoice dated November 1, 2019 for \$45,455 for advisory services provided from December 2018 to October 31, 2019 related to the listing of the Company on the Canadian Stock Exchange (CSE). Services included in the invoice were due diligence review of operations, financial analysis, benchmark analysis and market sounding activity. The above amount represents costs incurred for the three-month period ended September 30, 2019. Michael Clarke, a director of SQID, is also a director of First Growth Funds Limited, which is a promoter of SQID. First Growth Funds Limited is a major shareholder in the Company, holding 15.42% of shares as at the date of this report.

⁽³⁾ Shape Capital Pty Ltd. issued an invoice dated November 1, 2019 for \$205,455 for advisory services provided from November 2018 to October 31, 2019 related to the listing of the Company on the CSE. Services included in the invoice were analysis and due diligence review of the Company's business model, operations, agreements, risk assessment, investor criteria, listing options, going public process and public exchange options and listing criteria. The above amount represents costs incurred for the three-month period ended September 30, 2019. A director and the owner of Shape Capital Pty Ltd, Anoosh Manzoori, is also the CEO of First Growth Funds Limited.

NOTE 17: SUBSEQUENT EVENTS

At a shareholders meeting on December 13, 2019 the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. Pursuant to agreements dated June 2019, the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on October 1 and November 1, 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were cancelled December 13, 2019. The shares were replaced by invoices for services provided from October 1, 2018 to October 31, 2019 with the costs recognized as "Listing expenses".

The invoices were settled by the issue of ordinary shares as follows:

Entity	Shares at \$0.30	Total Value
Tripoint Global Equities LLC	139,917	\$41,975
First Growth Funds Limited	151,515	\$45,454
Shape Capital Pty Ltd	684,848	\$205,454

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 8 to 33:
 - (a) comply with International Financial Reporting Standards as stated in Note1(a)
 - (b) give a true and fair view of the financial position of the group as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that SQID Technologies Ltd and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors for the financial year ending 30 June 2019.

This declaration is made in accordance with a resolution of the directors.

NAME: Peter Hall
Director



Brisbane
Date December 18, 2019

Schedule A-2 MD&A September 30, 2019 quarterly unaudited financial statement

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

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 September 30, 2019, 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*”.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis (“MD&A”) is dated as of December 18, 2019 and should be read in conjunction with the audited financial statements of SQID Technologies Limited for the three month period ended September 30, 2019 (“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

SQID Technologies Limited (the “Company” or “SQID”) was incorporated on September 8, 2006 under the *Business Corporations Act* (Australia) with the name QPAY Holdings Ltd. On December 8, 2015, its name changed to SQID Technologies Limited. The Company has one active wholly owned operating subsidiary, SQID Payments Pty Ltd. and one inactive wholly owned subsidiary EFT Managed Services Pty Ltd. The company has no reporting or business segments.

The address of the Company’s registered and records office, corporate office and principal place of business, is 63 Westgate Street, Wacol, Queensland, Australia, 4076. As of September 30, 2019, the Company’s principal business activity was electronic payment processing under contract.

The growth of mobile use and application use in e-commerce payment processing is driven by the rise of businesses wanting to disrupt outdated or obsolete legacy operations. The challenge for businesses is to keep the legacy application functional, while converting to new, more efficient code that makes use of current technology and programming language.

This is where SQID believes the opportunity lies. The Company developed its unique patented software for payment processing in 2006 and has operated under its current business model since 2014. The Company is a payment processor (“Payment Processor”) and operates as a relationship payment provider and payment facilitator for credit card purchases and bank transfers (“*Transactions*”). The Company’s legacy software has evolved since 2006 to keep up with the continuous changes in technology. Although the Company no longer relies completely on the technology protected by its patents, they are still important for the protection of the Company’s core software code which is essential to the delivery of *Transactions*.

SQID is proactively and continuously updating its software to incorporate new codes, technology and programming language while ensuring it is system agnostic. SQID monitors developing trends in agnostic payment integration, biometrics, blockchain, peer to peer payments and crypto currency as they apply to the Company’s software to ensure the software is updated in-house, in a timely manner. This approach applies to potential acquisitions, partners and subsidiaries.

The Company has developed software technology to operate as payment processor, offering relationship payment provider and payment facilitator services for credit card purchases and bank transfers. This is particularly relevant in environments where remote payments for goods and services are made for financial services and electronic payments.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Nature of Business (continued)

In the three fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 the Company has been operating as a Payment Processor in Australia. The business has evolved over the last three years following a restructuring in 2014 to establish itself as a relationship payment provider and payment facilitator in the payment processing industry, which specializes in delivering ecommerce solutions to businesses that have their ‘card-not-present’ commercial outcomes dependent on two or more businesses. This has delivered sizeable growth in revenue as the model is based on engaging referrers, who then refers additional merchants.

The Company has concentrated on building relationships with merchants and providing incentives to merchants for referrals to new business opportunities. This has resulted in the growth level experienced with minimal overhead and resources.

Explanation of the Payment Process

A merchant must work with an acquiring bank, which is a bank or financial institution that accepts credit or debit card transactions for a cardholder (“*Acquiring Bank*”). The *Acquiring Bank* issues a specific merchant account number to a merchant enabling the merchant to accept credit and debit cards from shoppers. An *Acquiring Bank* is a registered member of a card network such as Visa or MasterCard (“*Card Network*”). The *Acquiring Bank* accepts transactions on behalf of a *Card Network* for a merchant.

Payment processors enable merchants to receive debit or credit card payments online by providing a connection to an *Acquiring Bank* (“*Payment Processors*”). The *Card Network* connects *Acquiring Banks* to the customer’s issuing bank so that a customer transaction can be verified. When a customer uses a debit or credit card for a purchase, the *Acquiring Bank* will approve or decline the transactions based on the information on the *Card Network* and issuing bank have on record about that cardholder’s account. The merchant submits the purchase transaction information to SQID, the *Payment Processor*, used by its acquiring bank, via a payment gateway (SQID’s software that facilitates the communication of transaction information). Assuming approval, the amount of the transaction is deducted from the cardholder’s account and the cardholder is given a receipt.

SQID’s technology is structured to allow layered access to payment and merchant transactions data such as payments through franchisees (referred merchants) under a franchisor (referring merchant). The business model integrates these retail and wholesale layers and provides split settlements between each layer. This allows the franchisor to receive settlements in parallel to the franchisee. This provides a platform for commission structures and transaction-based rewards that are settled at the same time as the underlying transaction is settled. The model is applicable to affiliate marketing, rewards programs, franchises, marketplace apps, agencies, etc.

Dynamic Onboarding also allows the referring merchant (like a franchisor) to onboard the merchant (referred merchant) applicant data to SQID at the same time as enrolling to their own system, to reduce friction in the sign on process and loss of control of the sales channel to third parties like payment gateways.

The Company deploys industry standard fraud management tools to minimize the occurrence of cardholder and merchant fraud. SQID also carries a bond or security reserve from the merchant to cover any potential fraud loss.

As a *Payment Processor* SQID has contracts with merchants to handle transactions from various channels such as credit and debit card for merchant *Acquiring Banks*.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

SQID provide merchant services and transaction processing to business merchants, ecommerce platforms, charities and community organizations. The Company receives a merchant fee, which is a percentage of the transaction value and also in some cases, a fee per transaction.

The Company may also generate revenue for SMS related services such as payment reminder notifications and marketing services. The Company is able to provide ecommerce, payment links, virtual point of sale (POS) terminal access for use on desktop computers or mobile phones.

All merchants have a direct relationship with SQID, which with its software and services provides payment transactions seamlessly.

SQID enables all parties to benefit through our split settlement scheme, dynamic onboarding (onboarding for the business and merchant account in parallel) and our responsive API payment technology that talks to innovative platforms including, but not inclusive only of, SaaS, Mobile applications, mobile franchise business models and other disruptive technologies. The end result is delivery of smarter conversion of business products and services in card-not-present environments.

- (1) “SMS” means a “Short Messaging Service” and is centered around cell phone texting and allows businesses to text customers with payment reminders and accept payment via cell phone.
- (2) “Split Settlement Scheme” enables a single transaction to be simultaneously settled to both the referring merchant and the referred merchant’s banks by the Company.
- (3) “Dynamic Onboarding” provided by the Company to merchants enables easy sign-up, banking integration, pre population of customer information, risk mitigation, onboarding APIs and customization options and immediate set up to begin transactions. A referring merchant is also able to onboard a referred merchant to their own business model and as a SQID merchant as well.

Onboarding is the process of getting a customer up to speed with an API, (Application of Programming Interface) and is a technical communication through which a merchant can sign up for an account.

It is currently operating only in Australia and focuses on online training, social media marketing, SaaS developers and e-commerce developers. High availability hosted servers are located in Sydney with Amazon Web Services, Australia and development servers in Sydney and Brisbane, Australia. This technology can easily be replicated in other jurisdictions that have Amazon Web Services available.

SQID sees an opportunity to reconnect to our merchant customers in the payment cycle and enable them to benefit in the transactional processing, not just the value of the transaction. SQID’s current approach is a move from a referral sales model only to a more proactive direct sales mode with existing merchant clients and new merchants. It allows more than one transaction point to deliver split settlements, and incentivizes referring merchants with a referral fee, to scale this service by onboarding new referred merchants. This is very attractive for high volume card-not-present business models that are tiered, hosts or provide services to e-commerce businesses. To facilitate this new focus, SQID is reviewing how we can value add to our ‘relationship payment’ business model through strategic partnerships with key referrers such as e-commerce web developers, franchisors, and SaaS developers and with merchant referrals. SaaS (software as a service) is a software distribution model where third-party providers host applications and makes them available).

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements

The Company's active subsidiary, SQID Payments Pty Ltd. has two agreements with two acquiring banks, *Westpac* and *Merchant Warrior*. The Company has established settings in its software to determine which of the acquiring banks is chosen for each merchant.

Westpac is located in the city of Sydney, New South Wales, Australia. Initially, the Company's now inactive subsidiary, QPay Pty Ltd. signed an agreement called the Aggregator Master Merchant Business Solution Card Acceptance Agreement dated January 29, 2009 with *Westpac*. Pursuant to a novation agreement dated December 12, 2013 among *Westpac*, QPay Pty Ltd. and *SQID Payments*. *QPay Pty Ltd. was replaced by SQID Payments as the contracting party with Westpac*. The 2009 and 2013 agreements are collectively (the "*Westpac Agreement*").

The *Westpac Agreement* reflects the terms of *Westpac*'s license with cardholders such as Visa and MasterCard so *Westpac* is obligated to make its agreements with its payment processors ("SQID") reflect the *Card Scheme Rules*. The *Westpac Agreement* therefore contains standard mandatory terms for banks carrying out their role in the payment process system. *Westpac* can unilaterally amend the *Westpac Agreement* and terminate it for no reason.

Westpac must provide written consent to any change of the ownership of the Company, its principal business activities, type of goods or services supplies to the sub-merchant and those supplied by the sub-merchants to its customers and any assignment of the *Westpac Agreement*.

The *Westpac Agreement* provides for variation such as new fees or changes, new government charges and any other variation ("Variation"). *Westpac* can also change the terms and conditions of the *Westpac Agreement* at any time and notify SQID Payments. No changes have been made to the terms and conditions. Variations have been made by *Westpac*. SQID Payments is responsible for ensuring that Sub-Merchants are notified of any changes arising from the Variations. Use of the Merchant Facility by the Sub-Merchants following such Variations is deemed acceptance.

Since then, variations have been made in processing methods, card scheme rules, risk management practices, reporting and onboarding of merchants have changed. *Westpac* sends out guidelines. An example is that Visa banned online pharmaceuticals and advised *Westpac* (as their acquiror) who advised SQID that online pharma had been moved to the "prohibited" category. If there is a change required by the Card Schemes with a specified time frame, *Westpac* and Squid work out a time frame to implement the change. If there is a policy change from *Westpac*, *Westpac* and Squid also work out a time frame.

Practices that have evolved:

- (i) SQID operates one merchant facility covering all sub-merchants within a sub-industry
- (ii) onboarding of new sub-merchants is governed by categories of prohibited merchants, merchants requiring *Westpac* consent and merchants which do not require *Westpac* consent,
- (iii) Credit card authorizations do not always take place prior to a sale,
- (iv) Verification of the identities of the sub-merchants rather than cardholders,
- (v) Storage by SQID and each sub-merchant of encrypted cardholder data rather than names, and
- (vi) *Westpac* charges a fixed base percentage fee and additional interchange and scheme fees.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

Given the importance of the services provided by *Westpac* to SQID's business, the Company's compliance with any new policies or practices set by *Westpac* is required in order for SQID to continue to function in reliance on its arrangement with *Westpac*. The Company considers this acceptable commercial practice in the circumstances and common to payment facilitators to comply with the *Card Schemes Rules* within Australia.

In August 2019, the Company signed an agreement with a second *Acquiring Bank*, *Merchant Warrior*, located in the city of Brisbane, Queensland, Australia dated August 29, 2009 called the Settlement Agent Agreement, the ("Merchant Warrior Agreement)". *Merchant Warrior* provides services comparable to those of *Westpac*.

SQID Payments and *Westpac* have been in discussions regarding updating the *Westpac Agreement* to align it more closely with current practices in respect of transactions processing methods, *Card Scheme Rules*, risk management practices reporting and onboarding of merchants. SQID does not anticipate a new agreement being entered into within the next 12 months and any timetable for a new agreement is up to *Westpac*. Such a new agreement would be expected to contain similar onerous provisions for SQID, given the *Westpac Agreement* is key to the operation of SQID's business and having regard to the services being provided by *Westpac*. Importantly, SQID expects *Westpac* to retain their right to terminate for convenience at any time. The Company has not received any indication from *Westpac* that it plans to terminate the *Westpac Agreement*. Given the continuous reporting obligations owed by SQID to *Westpac* and the common commercial interest of both SQID and *Westpac*, the Company's Board of directors have no reason to believe that SQID Payments' relationship with *Westpac* will not continue to operate in the manner it now does.

Regular reporting obligations include reports about the level of prepayment exposure and *Westpac* determines the quarantined reserve funds (currently \$185K cash) that are held as part of the fixed amount for a General Security Agreement (currently \$250K) granted by the Company to *Westpac*. The Company also retains merchant reserves as a bond form merchants based on risk and prepayment exposure determined by the Company. There is proactive management by both SQID and *Westpac* that has resulted in the successful processing of transactions from 2009 to the present.

- From 2009 to June 30, 2018, 906,000 transactions with a value of \$154,000,000 were processed.
- During the 30, 2019, 794,000 transactions were processed with a value of \$163,000,000.
- For the three-month period ended September 30, 2019, 253,000 transactions were processed with a value of \$48,000,000.
- Total aggregate transactions from 2009 to June 30, 2019 is 1,700,000 with an aggregate value of \$317,000,000.

Westpac approves any sub merchants who are required to have accounts and contracts with *Westpac*. *Westpac* charges a fixed percentage on the dollar value of each transaction and SQID Payments pays a nominal fee for new sub-merchant applications and charge backs.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

SQID has given a broad indemnity to *Westpac* for all requirements of its agreement with *Westpac* and the obligations of the sub-merchants to *Westpac* on a full indemnity basis. The following is a brief summary of the Company's obligations and liabilities:

- (i) maintain an aggregator account with *Westpac*,
- (ii) maintain all connections between *SQID Payments* and each sub-merchant's website and *Westpac* and the security of the connections,
- (iii) conduct due diligence on all sub-merchants to ensure they are *Westpac* approved businesses and can satisfy the obligations and responsibilities under the *Westpac Agreement* and warrant same to *Westpac*,
- (iv) ensure compliance by the sub-merchants with their agreement with *Westpac* and *Westpac* rules,
- (v) compliance by the Company and sub-merchants with the *Card Scheme Rules*,
- (vi) the Company is responsibility for the sub-merchant actions, omissions and debts due by merchants to *Westpac*. SQID retains merchant reserves as a bond from merchants based on risk and prepayment exposure (currently AUD\$640,000),
- (vii) inspect data breaches of the sub-merchants and ensure inspections and monitoring of sub-merchant account by *Westpac*,
- (viii) resolving all disputes with cardholders,
- (ix) sub-merchant compliance with policies for exchanges, return of merchandise, credit and delivery of goods.

Merchant Warrior is located in the city of Brisbane, Queensland, Australia and is a provider of electronic commerce transactions services for fixed fees. SQID Payments Pty. Ltd. signed an agreement dated August 29, 2009 with *Merchant Warrior* called the Settlement Agent Agreement, the *Merchant Warrior Agreement*. The following is a brief summary of the Company's obligations and liabilities:

- 1) responsible for vetting the sub-merchants who will utilize the services,
- 2) the sole point of contact for all matters regarding the services and ensure all necessary contracts are in place,
- 3) subject to *Merchant Warrior* amending any policy in relation to the services to improve security, efficiency or performance in delivery of the services,
- 4) responsibility for maintaining security of all information and compliance by it and its sub-merchants with the *Card Scheme Rules*,
- 5) termination by *Merchant Warrior* of the *Merchant Warrior Agreement* on 30 days if SQID is in non-compliance with any material terms of the *Merchant Warrior Agreement*, on 90 days for specified reasons, insolvency, non-compliance with the *Card Scheme Rules* and security requirements, change in the holder of the controlling interest in *Merchant Warrior*,
- 6) maintaining the security of all confidential information,
- 7) provide reasonable access to SQID personnel and equipment to discuss and assess any problems or request for assistance,
- 8) indemnifying *Merchant Warrior* against all liabilities and expenses of any kind as a result of breach of the *Merchant Warrior Agreement*,
- 9) provide a security deposit of \$50,000 which must be maintained at that level at all times or a bank guarantee or deposit bond for the same amount payable on demand, and

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

- 10) achieve at least 80% of minimum transactional volumes as follows:

Forecast Volume per Day

Milestone periods	At 6 months	At 12 months	At 18 months
Total sales volume achieved	\$500,000	\$1,000,000	\$1,500,000

If the Company fails to meet the required threshold, *Merchant Warrior* may review the performance, subject to Force Majeure event.

Merchant Warrior's aggregate liability is limited, in its discretion to replacement or repair of the services, refunding payments made by clients for services. Neither party is responsible for consequential losses. Dispute resolution is by arbitration of the courts.

Results and Financing

At June 30, 2019, the Company had achieved the third consecutive year of profitable operations. The Company's profit in the three months ended September 30, 2019 of \$56,330 was lower than in previous periods, primarily due to the listing expenses of \$269,003 and ancillary consultancy fees related to that. As at September 30, 2019, the Company had accumulated a deficit of \$3,902,372 (June 30, 2018 – \$3,958,702) and had working capital of \$1,826,934 (June 30, 2019 – \$1,785,370), consisting primarily of cash and other financial assets. The company has been self-sustaining for the past 4 years and expects to remain so into the future. The Company expects to maintain profitable operations, and the Company has plans to grow its revenue through expanding current markets and expansion into new markets with a more efficient sales model. The Company's ability to continue as a going concern is dependent upon its ability to continue to generate future profitable operations and to successfully expand its markets.

During the three-month period ending September 30, 2019, the Company produced its two best months in terms of merchant transaction volume and number, along with revenue. The Company also incurred \$269,003 in costs directly related to listing application on the CSE, resulting in net profit for the three-month period of \$56,330.

On September 5, 2019, the Company consolidated the Ordinary Shares on two old Ordinary Shares for one new Ordinary Shares. To date, the Company has financed expansion from net profit from operations.

SQID TECHNOLOGIES LIMITED
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1.3 – Selected Annual Information – NA

1.4 – Results of Operations

During the three months ended September 30, 2019, the Company recorded income of \$1,719,261 (2018 – \$912,053), comprised of revenue from contracts of \$1,646,414 (2018 – 878,804), other revenue of \$46,234 (2018 – \$28,930) and interest of \$26,613 (2018 – \$4,319). Revenue from contracts grew by 87% as a result of increased number of customers and increase volume per customer.

During the three months ended September 30, 2019, the Company incurred expenses of \$1,641,564 (2018 – \$754,377). These expenses consisted of direct transaction costs and operating expenses. Direct transaction costs are the direct costs incurred to process their service contracts to earn revenue from contracts. Operating expenses are the costs to operate the other business activities of the Company.

During the three months ended September 30, 2019, the Company incurred direct transaction costs of \$1,004,984 (2018 – \$526,728), related to the revenue from contracts and other revenue which resulted in gross profit of \$687,664 (2018 – \$381,086). The gross profit margin was 40.6% (2018 – 42.0%). The gross profit margin has been generally consistent the past two years.

During the three months ended September 30, 2019, the Company incurred operating expenses of \$636,580 (2018 – \$227,649), consisting of fees incurred around the listing of SQID of \$269,093 (2018 – \$nil), consultancy fees of \$131,303 (2018 – \$67,991), employee benefits expense of \$109,918 – 2 new staff introduced (2018 – \$45,266), other expenses of \$78,172 (2018 – \$79,935), IT and hosting costs of \$19,465 (2018 – \$12,277), professional fees of \$10,000 (2018 – \$20,000), and depreciation and amortisation expenses of \$19,006 (2018 – \$2,181).

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
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1.5 – Summary of Quarterly Results (Unaudited)

	As at	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17
Current Assets									
Bank		5,345,871	3,224,234	3,126,828	4,139,160	1,908,292	1,573,520	1,225,095	1,418,471
Accounts Receivable		193,958	194,111	58,567	80,055	107,724	205,259	148,477	112,052
Other Current Assets		31,350	45,742	10,627	18,221	16,452	8,272	14,774	19,919
Total Current Assets		5,571,179	3,464,087	3,196,022	4,237,436	2,032,467	1,787,051	1,388,346	1,550,442
Non-Current Assets									
Intangible Assets		188,906	202,496	105,627	107,530	109,432	206,211	113,237	115,140
Fixed Assets		1,376	1,654	1,932	2,210	2,488	2,766	3,106	3,445
Bonds		50,000							
Deferred Tax Asset		559,697	581,064	652,532	749,802	864,406	921,393	976,544	1,091,845
Total Non-current Assets		799,980	785,214	760,091	859,542	976,326	1,130,370	1,092,887	1,210,429
Total Assets		6,371,159	4,249,301	3,956,114	5,096,978	3,008,793	2,917,421	2,481,232	2,760,872
Liabilities									
Current Liabilities									
Accounts Payable		109,412	72,198	83,908	25,593	30,778	24,429	26,601	26,480
Other Liabilities		641,717	639,215	642,886	642,886	642,676	654,444	653,594	553,713
Other Payables		2,977,775	951,963	912,739	2,305,253	471,458	475,357	146,782	541,917
Total Current Liabilities		3,728,904	1,663,376	1,639,533	2,973,732	1,144,913	1,154,230	826,978	1,122,110
Total Liabilities		3,728,904	1,663,376	1,639,533	2,973,732	1,144,913	1,154,230	826,978	1,122,110
Net Assets		2,642,255	2,585,925	2,316,580	2,123,246	1,863,880	1,763,191	1,654,255	1,638,761
Equity									
Share Capital		6,544,627	6,544,627	6,529,286	6,529,286	6,529,286	6,529,286	6,529,286	6,529,286
Retained Earnings		(3,902,372)	(3,958,702)	(4,212,706)	(4,406,040)	(4,665,406)	(4,766,095)	(4,875,031)	(4,890,525)
Total Equity		2,642,255	2,585,925	2,316,580	2,123,246	1,863,880	1,763,191	1,654,255	1,638,761

SQID TECHNOLOGIES LIMITED
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Quarters Ended	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17
Card Revenue from contracts with customers	1,692,645	1,538,375	1,474,526	1,433,843	907,696	813,615	734,859	832,621
SMS Revenue from contracts with customers	3	5	14	28	38	32	533	641
Interest Income	26,613	17,658	15,306	11,717	4,319	4,959	6,536	2,565
	1,719,261	1,556,038	1,489,846	1,445,588	912,053	818,606	741,928	835,828
Direct Transaction Costs	1,004,984	908,144	879,722	840,394	526,728	474,877	456,893	504,898
Employee benefits expense	109,918	45,266	45,266	45,266	45,266	40,399	40,399	40,399
Depreciation and amortisation	19,006	44,840	2,181	2,181	2,181	31,266	2,242	2,223
Consultancy fees	131,016	81,551	98,881	68,637	67,991	65,597	76,916	66,480
Professional fees	10,000	29,950	48,556	20,000	20,000	4,402	4,582	4,403
Listing expenses	269,003	41,556	39,282	9,000	-	-	-	-
IT & hosting costs	19,465	17,874	15,073	16,274	12,277	11,102	10,391	11,458
Other expenses	78,172	61,385	70,280	69,867	79,935	27,757	26,085	25,459
	1,641,564	1,230,566	1,199,241	1,071,618	754,377	655,400	617,507	655,320
Profit before Tax	77,697	325,472	290,604	373,970	157,676	163,206	124,420	180,508
Income Tax	21,367	71,468	97,270	114,604	56,987	55,151	115,301	-
Profit for the quarter	56,330	254,004	193,334	259,366	100,689	108,937	15,493	176,986
Basic and diluted earnings per share	0.01	0.02	0.01	0.02	0.01	0.01	0.00	0.01
Weighted average number of ordinary shares	8,237,676*	8,237,676*	6,887,676*	6,887,676*	6,887,676*	6,887,676*	6,887,676*	6,887,676*

* A 2:1 share consolidation was done September 5, 2019.

SQID TECHNOLOGIES LIMITED
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1.6 – Liquidity and Capital Resources

The Company's sole source of funding in the past three years has been from profitable operations. The Company is planning to grow into new markets and to increase sales in existing markets and therefore may require additional cash flows. The Company's ability to raise cash depends on various capital market conditions. There is no assurance that

the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors

There can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its Ordinary Shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options. There is no assurance that the Company will be successful in obtaining the funds it may require to sustain operations or that the terms of any financing obtained will be acceptable.

As at September 30, 2019, the Company had cash and cash equivalents on hand of \$981,081 (June 30, 2018 – \$952,457).

During the three-month period ended September 30, 2019, cash provided by operating activities was \$354,481 (2018 – \$310,646), cash used in investing activities was \$500,000 (2018 – nil) was primarily related to purchase of investments, cash provided by financing activities was nil (2018 – \$nil). The increase in cash provided by operating activities is primarily related to increased revenue and gross profit. The increase in cash used in investing activities is primarily related to the acquisition of investments.

Shareholder's equity as at September 30, 2019 was \$2,626,914 (June 30, 2018 – \$2,585,925 and September 30, 2018 – 1,863,880). Although the Company has been successful in the past in raising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

1.8 – Off Balance Sheet Arrangements

As at September 30, 2019, there were no off-balance sheet arrangements to which the Company was committed.

1.09 – Transactions with Related Parties

The Company had the following balances and transactions with directors and executive officers, or companies controlled by these persons and other related parties for the three months ended September 30, 2019 and 2018 and outstanding payables as at September 30, 2019 and June 30, 2019:

Transactions:	2019	2018
Consultancy fees		
Fees paid to Peter Hall, CEO and Director ⁽³⁾	\$ 50,000	\$ 50,000
Fees paid to Lee Horobin, CFO ⁽³⁾	\$ 36,230	\$ 8,779
Fees paid to Robyn Gunnis, COO ⁽³⁾	\$ 45,000	\$ 9,212
Other Expenses		
Fees paid to Andrew Sterling, Director	\$ 10,000	\$ 10,000
Fees paid to John O'Connor, Director	\$ 8,172	\$ Nil
Fees paid to Michael Clarke, Director	\$ 6,129	\$ Nil
Employee expenses		
Benefits related to Peter Hall and Lee Horobin	\$ 214	\$ Nil
Other expenses		
Rent paid to Sigrist Design Pty Ltd. ⁽⁴⁾	\$ 7,500	\$ Nil

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Transactions: (continued)	2019	2018
Listing expenses		
Advisory services paid to First Growth Funds Limited ⁽¹⁾	\$ 19,500	\$ Nil
Advisory services paid to Shape Capital Pty. Ltd ⁽²⁾	\$102,799	\$ Nil
Balances:		
Accounts Payable		
Peter Hall ⁽³⁾	\$ 18,333	\$ 18,333
Lee Horobin ⁽³⁾	\$ 13,338	\$ 2,614
Robyn Gunnis ⁽³⁾	\$ 16,458	\$ 5,080
Sigrist Design Pty Ltd. ⁽⁴⁾	\$ 2,500	\$ Nil
First Growth Funds Limited ⁽¹⁾	\$ 42,227	\$ Nil
Shape Capital Pty. Ltd ⁽²⁾	\$ 164,435	\$ Nil

⁽¹⁾ First Growth Funds Limited issued an invoice dated November 1, 2019 for \$45,455 for advisory services provided from December 2018 to October 2019 related to the listing of the Company on the Canadian Stock Exchange (CSE). Services included in the invoice were due diligence review of operations, financial analysis, benchmark analysis and market sounding activity. \$19,500 was recognized in the three-month period to September 30, 2019. Michael Clarke, a director of SQID, is also a director of First Growth Funds Limited, which is a promoter of SQID. First Growth Funds Limited is a major shareholder in the Company, holding 15.42% of shares as at the date of this report.

⁽²⁾ Shape Capital Pty Ltd. issued an invoice dated November 1, 2019 for \$205,455 for advisory services provided from November 2018 to October 2019 related to the listing of the Company on the CSE. Services included in the invoice were analysis and due diligence review of the Company's business model, operations, agreements, risk assessment, investor criteria, listing options, going public process and public exchange options and listing criteria. \$102,788 was recognized in the three-month period to September 30, 2019. A director of Shape Capital Pty Ltd, Anoosh Manzoori, is also the CEO of First Growth Funds Limited.

⁽³⁾ Hall, Horobin and Gunnis invoice SQID for their services monthly in arrears. The invoices are paid in full in the following month.

⁽⁴⁾ Director Peter Hall has a beneficial interest in Sigrist Design Pty Ltd., which rents out office space as well as being the registered office for the Group. This arrangement commenced January 2019.

Subsequent Events

At a shareholders meeting on December 13, 2019 the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. Pursuant to agreements dated June 2019 the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on October 31 and November 1, 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were cancelled on December 13, 2019. The shares were replaced by invoices for services provided from October 1, 2018 to October 2019 with the costs recognized as "Listing expenses". The advisory fees related to these invoices were recorded in the periods the services were provided.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.09 – Transactions with Related Parties (continued)

Subsequent Events (continued)

The invoices were settled by the issue of ordinary shares as follows:

Entity	shares at \$0.30	total value
Tripoint Global Equities LLC	139,917	\$ 41,975
First Growth Funds Limited	151,515	\$ 45,454
Shape Capital Pty Ltd	684,848	\$205,454

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

1.11 – Proposed Transactions

The Company has no proposed transactions as at the date of this document.

1.12 – Critical Accounting Estimates

The Company has outlined the basis of its critical accounting estimates in Note 2 of the June 30, 2019 Financial Statements.

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

Future Changes in Accounting Policies

New accounting standards adopted by the Company:

IFRS 9 Financial Instruments - The Company adopted IFRS 9 on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no significant impact on the financial statements.

New accounting standards issued but not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 Leases - On January 13, 2016 the IASB issued IFRS 16, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from contracts with customers” at or before the date of initial adoption of IFRS 16.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

1.14 – Financial Instruments and Other Instruments

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Australian dollars. The Company's corporate office and current operations are based in Australia and current exposure to exchange rate fluctuations is minimal. This will change if the Company expands its business outside of Australia.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk, the Company maintains a balance between continuity of funding and exploration activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

1.15 – Other MD&A Requirements

Share Capital

The authorized share capital consists Ordinary Shares without par value.

On September 5, 2019, the Company consolidated the ordinary shares on the basis of two old ordinary shares for one new ordinary share.

The total number of ordinary shares issued and outstanding as at September 30, 2019, and as of the date of this report, was 8,237,676. Refer to subsequent events in 1.09 above.

As at September 30, 2019 and at the date of this report there were no stock options outstanding.

As at September 30, 2019 and at the date of this report there were no warrants outstanding.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of electronic payment processing under contract. Due to the nature of the Company's business and the present stage of its activities, many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

No Market for the Ordinary Shares

There is no market through which the Ordinary Shares may be sold and there are no assurances that any market will develop in the future. This means that there is no central place, such as a stock exchange or stock quotation system, to resell the Ordinary Shares. This means that even if you locate a buyer and negotiate your own sale, you may still not be allowed to resell the Ordinary Shares or to pledge the Ordinary Shares as collateral for a loan. Accordingly, an investment in the Ordinary Shares should only be considered by investors who are able to bear the economic risk of a long-term investment and do not require liquidity.

Risk of No Return on Investment

There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Ordinary Shares will earn a specified rate of return or any return over the life of the Company.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Ordinary Shares would result in dilution, possibly substantial, to present and prospective holders of Ordinary Shares.

Uncertainty of Additional Financing

There are no assurances that the Company's future working capital will be adequate to execute its business plan or objectives as contemplated herein. The Company does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Company will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse effect on the Company. Equity financing and the additional issuance of equity securities will result in the substantial dilution to the Company's shareholders.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uncertainty of Use of Proceeds

Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See “Use of Proceeds”.

Reliance on the Directors and Officers and Other Key Personnel

The Company has a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Company is dependent upon the skills of the management team listed in items “*Directors and Executive Officers*” for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company. The Company also relies on consultants to carry out its business objectives and the unexpected loss of any of these consultants could have a serious impact on the business.

Conflicts of Interest

The directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Company. Investment in the Company will not carry with it the right for either the Company or any subscriber to invest in any other property or venture of the directors and officers of the Company, or to any profit therefrom or to any interest therein. The directors and officers have a responsibility to identify and acquire suitable acquisition targets on behalf of the Company. To the extent that an opportunity arises to enter into such an agreement, the directors of the Company have the discretion to determine whether the Company will avail itself of the investment opportunity and, if it does not, any of the directors and officers of the Company shall be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Company, the directors and officers of the Company have no obligation to offer an investment opportunity to the Company. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Employee Recruitment Risk

The successful operation of SQID also relies on SQID's ability to attract and retain a small team of experienced employees with specialist skills, including relationship managers, qualified software developers, key programming staff, sales staff, operational staff and the management team. These persons possess intimate knowledge of the SQID technology through extensive experience applying the technology.

Although the SQID technology has been documented, the loss of these key personnel may adversely affect the Company's prospects of pursuing its development programs within timeframes expected in the industry. If the business expands and grows, failure to appropriately recruit and retain employees may adversely affect SQID's ability to develop and implement its business strategies.

Relationship with Westpac and Merchant Warrior

The agreements with Westpac and Merchant Warrior are essential to the Company's operations and without them the Company cannot operate. The Company's payment processes services require banks such as Westpac and Merchant Warrior, which is a registered member of a card network such as Visa or MasterCard ("Network"). The Acquiring Bank accepts transactions on behalf of Network for a merchant. Westpac can unilaterally amend its Westpac Agreement with the Company and cancel the Westpac Agreement for no reason on 30 days' notice. Merchant Warrior can amend its agreement for specified reasons. If both agreements were cancelled the Company would cease operations after 30 day unless it found a replacement bank registered to the card network. Refer to "*Description of the Business*" for full details.

Relationships with Key Third Party Suppliers and Service Providers

SQID's business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers, who provide a number of services that are key to SQID's service offering, including hosting, certain software applications, data providers and the provision of insurance. Contracts with these suppliers and service providers are typically terminable without cause, in some cases on short notice.

Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact SQID's ability to win and retain contracts, each of which could materially adversely affect SQID's business, operating and financial performance.

Where SQID relies on third party systems, SQID always seek to have service level agreements with minimum performance criteria set. Payment to the service providers is dependent on their continuity of their services. SQID will actively seek alternative supply channels to mitigate the impact should there occur a "no fault" termination of a supply agreement. There is no assurance that SQID can always maintain or replace its third party systems in a timely manner and prevent loss of service.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Loss of Customer Contracts

The Company's contracts, including with key customers, may generally be terminated without cause by a customer, in some cases on short notice. SQID could lose key customers or material contracts, due to a range of events including, because of failure to renew a contract, a loss of a tender, a deterioration in customer service levels or relationships, or disputes with customers. Any of these factors could materially adversely affect SQID's business, operating and financial performance.

SQID, like all service providers, must deliver services that continue to meet the needs of its customers. SQID is dependent on retaining in-house software development capability to ensure its business continues to evolve and service the needs of its customers. There is no assurance that it will be successful in recruiting and keeping the personnel required for delivery of its services.

Profit Margins

Margins vary considerably across the range of products and services that SQID provides and a change in the mix of products and services that SQID sells to its customers could have a material adverse impact on SQID's financial performance.

Operational Risks

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology Risk

The Company's products and services are dependent upon advanced technologies, which are susceptible to rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete because of, such technological changes. There can be no assurance that the Company can respond in a timely manner so that its response will be adequate to successfully overcome the technological change.

Unforeseen Competition

There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Company. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for such products and services.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Disruption of Technology Platforms

SQID's ability to provide reliable services, effective payment and transaction processing and accurate and timely reporting for its customers is a key aspect of its business. This depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems, IT infrastructure and back-end data processing systems.

SQID's core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events. Any systemic failure or sustained disruption to the effective operation of SQID's technology platform could severely damage SQID's reputation and its ability to generate new business or retain existing business, directly impair SQID's operations and customer service levels or necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect SQID's business, operating and financial performance.

Data Security Risks

The Company will utilize servers with significant amounts of data stored in via third party companies being AWS. Should the Company be responsible for the loss of any or all the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data stored will be confidential. The company does not store full card data. If the company's data is ever compromised, then customer card data will not be accessible to those in possession of the data. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

Cybersecurity. SQID is subject to Australian Privacy legislation which includes the requirement to advise an entity if their identity has been compromised. SQID is also required to comply with the Payment Card Industry (PCI) standard, which sees us adhere to very strict rules in the use of the software and hardware we implement in our hosting environment. All our data is hosted remotely by Amazon Web Services (AWS), which also complies with the PCI standard. The Company relies on AWS cybersecurity arrangements. The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that all companies that accept, process, store or transmit credit card information maintain a secure environment. The AWS/SQID secure environment incorporates firewalls, routing rules, authorized access only and encryption.

Internet Fraud. SQID has detailed merchant vetting / KYC procedures used to detect or mitigate fraud. Merchant accounts all have transaction limits, in line with the industry they are in, and all transactions are monitored and assigned a risk score. SQID also has transaction monitoring including the flagging of chargeback activity; SQID has the ability to withhold settlements pending an investigation into transactions. SQID also takes bonds from merchants as security in case the need to recover chargebacks arises. Bonds also act as a deterrent to fraudsters from even commencing the merchant onboarding process.

Money Laundering. This is a significant for all businesses. SQID is governed by the Australian Anti-Money Laundering legislation and is required to operate in a PCI (Payment Card Industry) compliant manner when dealing with credit card information and payments.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Management of Growth

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Increases in Competition

The payment processing industry is highly competitive and SQID may face increased competition from actions by existing competitors, the entry of new competitors, consolidation between existing competitors or from major customers bypassing payment processing and transactions switching companies and transacting directly with end customers.

SQID's competitive position may deteriorate because of these factors, or a failure by SQID to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in SQID's competitive position could materially adversely affect SQID's business, operating and financial performance.

Damage to Reputation or Brand

SQID's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service levels, improper conduct, adverse media coverage or underperformance of customer-facing third-party suppliers and service providers. Reputational damage may potentially result in a failure to win new contracts and impinge on SQID's ability to maintain relationships with existing customers, suppliers and service providers and impede its ability to compete successfully in the payment transactions industry and to attract key employees. If any of these occur, this could materially adversely affect SQID's business, operating and financial performance.

The Company is proactive in dealing with these risks by regular reporting to customers about service levels, which allows the Company's representatives to be proactive in identifying and mitigating any service level deterioration. Regular systems maintenance is also important to ensure optimum services levels and minimum disruption to customers. There is no assurance that the Company's efforts to mitigate these risks will always be successful.

Exposure to Adverse Macroeconomic Conditions

SQID is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into transaction processing arrangements. These macroeconomic conditions may materially adversely affect SQID's business, operating and financial performance. Payment transactions are the core of most commercial activity. Unless there is a catastrophic event, payment processing will occur.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Protection of Intellectual Property

SQID relies on laws relating to patents, trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. There is a risk that unauthorized use and copying of SQID customer-facing technology platform will occur, or third parties will successfully challenge the validity, ownership or authorized use of intellectual property. This could involve significant expense and potentially the inability to use the intellectual property, which could materially adversely affect SQID's business, operating and financial performance. SQID does not currently have insurance for this possibility.

The Company is considering insurance (if available on economic terms) to fund possible future enforcement action against any potential infringer. There is no assurance that the Company's efforts to prevent unauthorized use or copying of its technology will always be successful.

Acquisition Risk and Associated Risk of Dilution

SQID's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with SQID's existing business, the financial performance of SQID could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed.

Expansion of its Merchant Base and Industries Served

There is no assurance that the Company's plans will be successful to expand its Merchant Base and to expand the industry sectors in which it currently operates.

Credit Card Prepayment Risk

SQID Payments provides merchant services, under the Merchant *Westpac Agreement* with *Westpac* and under the *Merchant Warrior Agreement* with *Merchant Warrior*. SQID is at risk if merchants fail to deliver goods to their customers that were purchased using credit cards. SQID may be liable for charge backs from the card schemes or card issuing banks. Further if the number of charge backs in a given period is considered excessively high, SQID is at risk of incurring levy fines or even exclude SQID from participation in their networks.

SQID attempts to mitigate these risks by withholding the chargeback value from settlements to merchants and holds direct debit authority with merchants to recover unfunded charge backs. SQID may request security deposits from merchants at risk of prepayment default. SQID is also seeking insurance if this is available at economic rates.

Insurance Risk

SQID's only insurance is mandatory worker's compensation insurance. SQID does not currently hold insurances against the identified risks of its operations. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of SQID. There are uninsurable risks such as cardholder fraud, merchant fraud, merchant business failure and adverse regulatory changes.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the three-month period ended September 30, 2019

RISK FACTORS AND UNCERTAINTIES (continued)

Exchange Rate Risk

SQID currently operates in Australia. The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Australian dollar.

Unforeseen Expenses

All expenses that SQID is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations

There are no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and employment standards.

Environmental and Safety Regulations and Risks, Climate Change

There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. SQID, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on SQID's business is not foreseeable at this time.

APPROVAL

The Board of Directors of the Company approved the disclosure contained in this MD&A on December 18, 2019.

Schedule B-1 June 30, 2019 annual audited financial statements

**SQID TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 44 121 655 472

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019**

**SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2019**

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DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of SQID Technologies Limited (the company) and the entities it controlled (the group), for the financial year ended 30 June 2019 and auditor's report thereon.

Directors

The names of directors in office at any time during the year are:

Andrew Sterling appointed 5th August 2013

Peter Hall appointed 21st October 2013

Daniel Desplat appointed 8th July 2009

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the group during the financial year were the processing of credit card payments and direct debits on behalf of Australian e-commerce merchants and related businesses.

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated profit after income tax attributable to the members of the group was \$807,393 (2018: \$449,372).

Review of operations

A review of the operations of the group during the financial year and the results of those operations are as follows:

- The group's operations
 - Processing credit card transactions for ecommerce merchants and deducting a fee from these transactions.
 - Processed transactions volume has grown since last period and margins have remained consistent.
 - The underlying drivers of and reasons for the group's performance remain the same as last year, with no key developments in the reporting period, and no significant factors affecting the group's results.
 - There is one key operating segment of the business.
- The financial position of the group
 - The wholesale rate that the Company acquires transaction at and the retail rate that is received for the processing of transactions remains consistent with prior periods.
 - The accounting information and other details relevant to an understanding of the financial position of the group are:
 - There have been no significant changes in assets and liabilities as a result of major business acquisitions or disposals.
 - There have been no changes in the funding or dividend strategy of the group.
 - There is no doubt about the group to continue as a going concern.
 - There have been no impacts of any unrecognised assets and/or any exposures not recognised in the financial statements.
 - There have been no unusual contractual conditions.
 - There has been no modification by the group's auditor in the audit report.

Significant changes in the state of affairs

There have been no significant changes in the group's state of affairs during the financial year.

Subsequent events

The following movements on the board occurred post 30th June 2019.

Daniel Desplat resigned 18th July 2019

John O'Connor appointed 18th July 2019

Michael Clarke appointed 6th August 2019

On 1st July 2019, the contract with Robyn Gunnis was adjusted to reflect an increase in workload and responsibility.

On 1st July 2019, a deed of variation to the contract with Peter Hall, which was agreed to on 1st of March 2019, was reflected in the full agreement.

On 29th August 2019, the group signed a settlement agent agreement with SR Global Solutions Pty Ltd, (trading as Merchant Warrior), for the provision of electronic commerce transactions services.

On 5th September 2019, the Company completed a share consolidation, converting every two ordinary shares into one new ordinary share. As a result of the share consolidation the number of shares issued at June 30, 2019 reduced from 16,475,298 to 8,237,676.

At a shareholders meeting on December 13, 2019 the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. The shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were replaced by invoices for services provided from October 1, 2018 to October 31, 2019 with the costs recognized as "Listing expenses".

The invoices were settled by the issue of ordinary shares as follows.

Entity	shares at \$0.30	total value
Tripoint Global Equities LLC	139,917	\$41,975
First Growth Funds Limited	151,515	\$45,454
Shape Capital Pty Ltd	684,848	\$205,454

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The group plans to list its shares on the Canadian Stock Exchange (CSE). Depending on compliance requirements this is expected to occur between September 2019 and June 2020. The group also plans on recruiting a CEO to facilitate the ongoing growth of the group.

Environmental regulation

The group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of the group at any time during or since 1 July 2018 is provided below, together with details of the company secretary as at the year end.

Andrew Sterling Cert IV in Financial Services, Diploma of Financial Services	<ul style="list-style-type: none"> • Over 30 years of banking and finance experience including senior positions at ANZ & Citibank. • Member of Audit & Remuneration Committees. • No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Peter Hall BSc, MBA	<ul style="list-style-type: none"> • Over 35 years of experience as a company director, entrepreneur and professional advisor to businesses. • No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Daniel Desplat	<ul style="list-style-type: none"> • Founding investor in the company. • No other directorships of listed companies were held at any time during the three years prior to 30 June 2019.
Lee Horobin – Company Secretary B.Bus (Acc), B.Bus (Acc) (Hons), MBA, CPA, GAICD, ACIS	<ul style="list-style-type: none"> • Over 15 years of experience in finance and governance roles across varied industries and organisation types.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Andrew Sterling	10	10	1	1
Peter Hall	10	10	1	1
Daniel Desplat	10	10	1	1

Directors' interests in shares or options

Directors' relevant interests in shares of SQID Technologies Ltd or options over shares in the company as at the date of signing this report are detailed below.

Directors' relevant interests in:	Ordinary shares of SQID Technologies Ltd	Options over shares in SQID Technologies Ltd
Andrew Sterling	1,806,600	-
Daniel Desplat	987,161	-
Peter Hall	-	-

Indemnification and insurance of directors, officers and auditors

During the financial year, the group has paid premium amounted to \$5,995 insuring all the directors and the officers against any payment they shall become legally obligated to make (excluding fines, penalties or exemplary damages), legal costs and expenses arising out of any claims made against them jointly or severally by reason of wrongful acts including breach of duty or trust, neglect, error, misstatement or misleading statement, omission, breach of warranty of authority or other act done or wrongly attempted whilst acting in their capacity as director or officer of the nominated company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or any of its subsidiaries.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners Brisbane network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the group and have been reviewed and approved by the Audit Committee to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the group or any of its related entities, acting as an advocate the group or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of the group or any of its related entities.

Non-audit services (Cont'd)

	2019	2018
	\$	\$
Amounts paid and payable to Pitcher Partners Brisbane for non-audit services:		
Corporate valuation services	3,500	-
	<hr/> 3,500	<hr/> -
Total auditors' remuneration for non-audit services	<hr/> 3,500	<hr/> -

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

Signed on behalf of the board of directors.



Peter Hall - Director

Brisbane

Date December 18, 2019

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of SQID Technologies Ltd.

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been no contraventions of the auditor independence requirements of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of SQID Technologies Ltd and the entities it controlled during the year.



NIGEL BATTERS
Partner



PITCHER PARTNERS
Brisbane

Date December 18, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Revenue and other income			
Revenue from contracts with customers	4	5,354,525	3,120,212
Interest income		49,000	16,861
		5,403,525	3,137,073
Less: Expenses			
Direct transaction costs	5	3,154,989	1,878,737
Employee expense	5	181,063	161,595
Depreciation and amortisation	5	51,382	37,707
Consultancy fees	22, 23	317,060	274,848
Professional fees		118,506	18,157
Listing costs	23	89,838	-
IT & hosting costs		61,498	43,090
Other expenses	22, 23	281,467	103,115
		4,255,803	2,517,249
Profit before income tax expense		1,147,722	619,824
Income tax expense	6	340,329	170,452
Profit for the year		807,393	449,372
Other comprehensive income		-	-
Total comprehensive income for the year		807,393	449,372
Basic earnings per share	21	0.049	0.033
Diluted earnings per share	21	0.049	0.033

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	7	1,126,600	641,811
Merchant Float	8	722,210	440,984
Receivables	9	194,111	205,259
Other financial assets	10	1,375,424	490,723
Prepayments	11	45,742	8,274
Total current assets		<u>3,464,087</u>	<u>1,787,051</u>
Non-current assets			
Property, plant and equipment	12	1,654	2,766
Intangible assets	13	202,496	206,211
Deferred tax assets	6	581,064	921,393
Total non-current assets		<u>785,214</u>	<u>1,130,370</u>
Total assets		<u>4,249,301</u>	<u>2,917,421</u>
Current liabilities			
Payables	14, 23	986,246	473,811
Other liabilities	15	639,215	654,444
Provisions	16	37,915	25,975
Total current liabilities		<u>1,663,376</u>	<u>1,154,230</u>
Total liabilities		<u>1,663,376</u>	<u>1,154,230</u>
Net assets		<u>2,585,925</u>	<u>1,763,191</u>
Equity			
Share capital	17	6,544,627	6,529,286
Retained earnings / (accumulated losses)	18	(3,958,702)	(4,766,095)
Total equity		<u>2,585,925</u>	<u>1,763,191</u>

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Share capital \$	Accumulated losses \$	Total equity \$
Balance as at 1 July 2017	6,529,286	(5,215,467)	1,313,819
Profit for the year	-	449,372	449,372
Total comprehensive income for the year	-	449,372	449,372
Balance as at 30 June 2018	6,529,286	(4,766,095)	1,763,191
Balance as at 1 July 2018	6,529,286	(4,766,095)	1,763,191
Shares issued	15,341	-	15,341
Profit for the year	-	807,393	807,393
Total comprehensive income for the year	-	807,393	822,734
Balance as at 30 June 2019	6,544,627	(3,958,702)	2,585,925

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019	2018
		\$	\$
Cash flow from operating activities			
Receipts from customers		5,991,259	3,444,737
Payments to suppliers and employees		(4,688,521)	(2,769,321)
Interest received		49,000	16,861
Net cash provided by operating activities	20(a)	1,351,738	692,277
Cash flow used in investing activities			
Payment for property, plant and equipment		(551)	(1,452)
Payment for software asset		(46,038)	(85,162)
Payment for investments		(835,701)	(238,841)
Payment for other non-current assets		-	(12,500)
Net cash used in investing activities		(882,290)	(337,955)
Cash flow from financing activities			
Issuance of share capital		15,341	-
Net cash from in investing activities		15,341	-
Net increase in cash and cash equivalents		484,789	354,322
Cash and cash equivalents at beginning of year	20(b)	641,811	287,489
Cash and cash equivalents at end of the year	7	1,126,600	641,811

The above statement should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2019**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

The following are the significant accounting policies adopted by SQID Technologies Ltd (the company) and its controlled entities (the group) in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report*Compliance with IFRS*

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This financial report is a general-purpose financial report that has also been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers SQID Technologies Ltd and its controlled entities as a group. SQID Technologies Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of the group's registered office and principal place of business is 63 Westgate Street, Wacol QLD 4076. The group is a for-profit entity for the purpose of preparing the financial report.

The financial report was approved by the directors as at the date of the directors' report.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

All amounts are presented in Australian dollars.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

(b) New and revised accounting standards effective at 30 June 2019

The group has applied all new and revised International Financial Reporting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including IFRS 9 Financial Instruments (IFRS 9) and IFRS 15 Revenue from Contracts with Customers (IFRS 15).

IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement. The key changes introduced by IFRS 9 in relation to the accounting treatment for financial instruments include:

- Simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- Permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- Simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- Requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- Introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

In accordance with the transition requirements of IFRS 9, the group has elected to apply IFRS 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017).

The group has also applied to consequential amendments to IFRS 7 Financial Instruments: Disclosure and IFRS 9 Financial Instruments, to the disclosure of information about the Group's financial instruments for the current financial year, and the comparative reporting period.

The impact on the classification and measurement of its financial instruments is set out below.*Financial assets*

The Company classifies its financial assets in the following categories: at fair market value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets at amortised cost

Financial assets at amortised cost are initially recognized at fair value and subsequently carried at amortised cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

(b) New and revised accounting standards effective at 30 June 2019 (Cont'd)

Financial assets are derecognised when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortised cost are recognised in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

Account	Original classification - IAS 39	New classification - IFRS 9
Cash and cash equivalents	Loans and receivables – amortised cost	Amortised cost
Receivables	Loans and receivables – amortised cost	Amortised cost
Other Financial Assets	Other Financial Asset – amortised cost	Amortised cost
Accounts payable and accrued liabilities	Other financial liabilities – amortized cost	Amortised cost

Impairment of financial assets at amortized cost

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balance of the Company's receivables, the Company has no material loss allowance at adoption or as at December 31, 2018.

The application of IFRS 9 has not materially impacted the classification and measurement of the group's financial assets and financial liabilities in the current and prior years.

Further details of the group's accounting policies in relation to accounting for financial instruments under IFRS 9 are contained in note 1(h).

IFRS 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, IAS 18 Revenue, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The application of IFRS 15 has not materially impacted the recognition and measurement of the group's revenue from contracts with customers in the current and prior years.

Further details of the group's accounting policies in relation to accounting for revenue from contracts with customers under IFRS 15 are contained in note 1(q).

(c) Going concern

The financial report has been prepared on a going concern basis.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks. Bank overdrafts, if any, are shown within borrowings in current liabilities in the consolidated statement of financial position.

(e) Merchant Float

Merchant float is the gross amounts received from merchants' transactions which are settled to merchants (net of the group's fees) on the next business day. These funds are effectively funds held in trust by the group, and they are therefore excluded from the balance of cash and cash equivalents.

(f) Employee benefits*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(g) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets, cash and cash equivalents, merchant floats, receivables and other financial assets are subsequently measured in their entirety at amortised cost.

Receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Other financial assets

Other financial assets pertain to funds invested by the group with Australia's largest non-bank home loan lender.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, other financial assets are subsequently measured at amortised cost.

Classification of financial liabilities

The group's financial liabilities, which include payables and other liabilities, are subsequently measured at amortised cost.

Impairment of financial assets

Payables are recognised by the group are subsequently measured at amortised cost. These are normally settled with seven days of end of month.

Other liabilities comprise merchant bonds which have no set duration. They are used as security over accounts and can be increased or reduced at the group's discretion. They are used to recover outstanding amounts and are only repayable to the merchant six month after the merchant ceases trading with the group.

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments at amortised cost; and
- (b) receivables from contracts with customers and contract assets.

(h) Financial instruments (Cont'd)

The group applies the simplified approach under IFRS 9 to measuring the allowance for credit losses receivables from contracts with customers.

The group has identified contractual payments more than 180 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience.

(i) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Impairment of non-financial assets

Intangible assets with definite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income, to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(k) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(I) Intangible Assets

Patents

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over 20 years on a straight-line basis commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

IT software development costs

An intangible asset arising from development is recognised when the group can demonstrate all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) how the intangible asset will generate probable future benefits;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in developing IT software are initially recognised as an asset and are subsequently amortised over 5 years on a straight-line basis commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(m) Other revenue and other income

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(n) Principles of consolidation

The consolidated financial statements are those of the group, comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-group balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and the statement of financial position respectively.

(o) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of plant and equipment is depreciated over their estimated useful lives on a straight-line basis commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset

	2019	2018
Plant and equipment:	3 to 10 years	3 to 10 years

(p) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(q) Revenue from contracts with customers

The group derives revenue from the provision of payment solutions for which the group levies a flat fee plus a percentage of the value of the transaction being processed.

Transaction fee revenue is recognised at a point in time as performance obligations are met when services are provided to the customer, that is, funds are settled to merchants for transactions net of the fees the group is owed under contract.

The group levies a flat fee for chargebacks upon receiving notification from its bank that a chargeback claim has been made by a merchant's customer. This fee is reversed if the merchant can prove that the customer's claim is invalid. Where a chargeback is valid, the group will recover the value of the chargeback transaction itself along with the fee from the merchant.

(r) Direct transaction costs

Direct transaction costs are the costs charged to the group by transaction acquirers (banks). These costs also include the costs passed on by the card schemes to the banks. These expenses are recognised in the period they are incurred.

(s) Leases

The group has no long-term finance or operating leases.

(t) Equity Settled Share-based payments

An equity-settled share-based payment transaction is a share-based payment transaction in which the group:

- (i) receives or is to receive goods or services as consideration for its own equity instruments; or
- (ii) receives or is to receive goods or services but has no obligation to settle the transaction with the supplier.

The cost recognised is based on the fair value of the goods or services received or to be received by the group and is recognised over the period the services are provided.

(u) Correction of prior period

The following adjustments have been noted in the prior year financial statement amounts:

- (i) On-costs have not been included in calculating employee provisions in previous years. A prior period adjustment has been made to recognise on-costs on employee provisions;
- (ii) A provision for credit card scheme fines was recorded as at 30 June 2018 but the amount and probability of this being paid cannot be estimated reliably. A prior period adjustment has been made to reverse this provision;
- (iii) The group's IT software developer has spent a significant amount of time in customising the Group's merchant system to cater the operating needs of the Group, thus in accordance to IAS 38 *Intangible Assets*, a prior period adjustment has been made to capitalise portion of his salary that is attributable to IT software and amortise it over 5 years;
- (iv) Assets and liabilities were materially understated as the merchant clearing (payable) account has been historically recorded "net" of merchant receivables. A prior period adjustment has been made to recognise the merchant receivable balance and gross up the merchant clearing account; and,
- (v) A prior period adjustment has been made to calculate the impact of the above adjustments on the income tax expense and deferred tax assets.

Basic and diluted earnings per share for the prior period has been restated by \$0.07 cents to \$0.033 as a result of the above corrections

		Prior period	Restatement	Restated Amount
		\$	\$	\$
<i>Consolidated statement of financial position (extract)</i>				
Receivables	(iv)	13,275	191,984	205,259
Intangibles assets	(iii)	111,335	94,876	206,211
Deferred tax assets	(v)	960,377	(38,984)	921,393
Payables	(iv)	281,827	191,984	473,811
Provisions	(i), (ii)	73,401	(47,426)	25,975
Retained earnings, 1 July 2017		(5,254,205)	38,738	(5,215,467)
<i>Consolidated statement of profit or loss and other comprehensive income (extract)</i>				
Employee benefits expense	(i), (iii)	244,183	(82,588)	161,595
Depreciation and amortisation	(iii)	8,683	29,024	37,707
Other expenses	(ii)	153,115	(50,000)	103,115
Income tax expense	(v)	131,468	38,984	170,452

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of non-financial assets

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the group. Impairment triggers include technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined.

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTE 3: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Other market risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The group holds the following financial instruments:

	2019	2018
	\$	\$
Financial assets		
<u>Amortised cost:</u>		
- Cash and cash equivalents (note 7)	1,126,600	641,811
- Merchant float (note 8)	722,210	440,984
- Receivables (note 9)	194,111	205,259
- Other financial assets (note 10)	1,375,424	490,723
	3,418,345	1,778,777
Financial liabilities		
<u>Amortised cost:</u>		
- Payables (note 14)	986,246	473,811
- Other liabilities (note 15)	639,215	654,444
	1,625,461	1,128,255

(a) Interest rate risk

The group is exposed to interest rate risk in relation to its other financial assets. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The group does not actively manage interest rate risk.

(a) Interest rate risk (Cont'd)

The following table outlines the group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
	\$	\$	\$	%	
30 June 2019					
<i>(i) Financial assets</i>					
Cash	-	1,126,600	1,126,600	0.2%	n/a
Merchant Float	-	722,210	722,210	0.0%	n/a
Receivables	-	194,111	194,111	0.0%	n/a
Other financial assets	1,375,424	-	1,375,424	4.0%	Variable
Total financial assets	1,375,424	2,042,921	3,418,345	1.7%	
<i>(ii) Financial liabilities</i>					
Payables	-	986,246	986,246	n/a	n/a
Other liabilities	-	639,215	639,215	n/a	n/a
Total financial liabilities	-	1,625,461	1,625,461	n/a	
30 June 2018					
<i>(i) Financial assets</i>					
Cash	-	641,811	641,811	0.2%	n/a
Merchant Float	-	440,984	440,984	0.0%	n/a
Receivables	-	205,260	205,260	0.0%	n/a
Other financial assets	490,723	-	490,723	5.8%	Variable
Total financial assets	490,723	1,288,055	1,778,778	1.8%	
<i>(ii) Financial liabilities</i>					
Payables	-	473,811	473,811	n/a	n/a
Other liabilities	-	654,444	654,444	n/a	n/a
Total financial liabilities	-	1,128,255	1,128,255	n/a	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

If interest rates were to increase/decrease by 1 basis point from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact on profit for the year and equity would be as follows:

	2019	2018
	\$	\$
+/- 1 basis point		
Impact on profit after tax	201	66
Impact on equity	201	66

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation.

The group is exposed to credit risk to the extent that customers may incur chargeback volumes that exceed the funds to be settled to them, and the group is subsequently unable to recover these funds.

(b) Credit Risk (Cont'd)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date of recognised financial assets is the carrying amount of those assets, net of any allowance for credit losses, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The group has significant merchant concentration risks, however, each merchant is assessed prior to and during their relationship with the group as to their perceived credit risk, and where necessary, a bond (other liabilities) is taken from the merchant. This merchant bond can be adjusted from time to time. The total value of merchant bonds held is \$639,215 (2018: \$654,444).

The group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the group.

i) Cash and cash equivalents and other financial assets

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks as well as having funds invested with Australia's largest non-bank home loan lender.

ii) Receivables from contracts with customers

Credit risk for receivables from contracts with customers is managed by transacting with as large number of customers as possible, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The group maintains strong current and quick ratios to ensure the risk of illiquidity is minimal.

The following table outlines the group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
30 June 2019	\$	\$	\$	\$	\$
Payables	986,246	-	-	986,246	986,246
Other liabilities	-	639,215	-	639,215	639,215
	<u>986,246</u>	<u>639,215</u>	<u>-</u>	<u>1,625,461</u>	<u>1,625,461</u>
30 June 2018					
Payables	473,811	-	-	473,811	473,811
Other liabilities	-	654,444	-	654,444	654,444
	<u>473,811</u>	<u>654,444</u>	<u>-</u>	<u>1,128,255</u>	<u>1,128,255</u>

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	2019	2018
	\$	\$
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue recognised at a point in time:		
Transaction fees	5,210,395	3,008,702
Chargeback fees	144,130	111,510
	5,354,525	3,120,212

NOTE 5: PROFIT BEFORE INCOME TAX

Profit before income tax has been determined after the following specific expenses:

<i>Cost of goods sold</i>	3,154,989	1,878,737
Transaction processing fees	3,154,989	1,878,737
 <i>Employee benefits expense</i>		
Wages	166,391	155,082
Superannuation guarantee contributions	14,672	6,513
	181,063	161,595
 <i>Depreciation of non-current assets</i>		
Plant and equipment	1,628	1,073
	1,628	1,073
 <i>Amortisation of non-current assets</i>		
Intangible assets	49,754	36,634
	49,754	36,634

NOTE 6: INCOME TAX

(a) *Components of tax expense:*

Deferred tax	340,329	170,452
	340,329	170,452

(b) *Income tax reconciliation*

The prima facie tax payable on profit before income tax at 27.5% (2018: 27.5%) is as follows:

Income tax expense attributable to profit	315,624	170,452
Less tax effect of:		
- Non-deductible expenses	24,705	-
	340,329	170,452

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	2019	2018
	\$	\$
NOTE 6: INCOME TAX (Cont'd)		
<i>(c) Deferred tax</i>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	561,976	909,560
Accrued expenses	12,252	4,690
Employee benefits	10,427	7,143
	584,655	921,393
<i>Deferred tax liabilities</i>		
The balance comprises:		
Prepayments	3,591	-
	3,591	-
 <i>Net deferred tax assets</i>	 581,064	 921,393
 <i>(e) Deferred income tax expense included in income tax expense comprises</i>		
Decrease in deferred tax assets	340,329	170,452
	340,329	170,452
 NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,126,600	641,811
	1,126,600	641,811
 NOTE 8: MERCHANT FLOAT		
CURRENT		
Merchant float	722,210	440,984
	722,210	440,984

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	2019	2018
	\$	\$
NOTE 9: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	194,111	205,259
Allowance for credit losses	-	-
	<u>194,111</u>	<u>205,259</u>

Receivable from contracts with customers represent the group's unconditional right to consideration arising from the transfer of goods or services to the customer. In the vast majority of instances, transactions fees are paid for during the process of settling funds to merchants.

Cash bonds are secured from merchants as collateral for their accounts, refer note 15. All receivable from contracts with customers can be recovered by drawing down on a merchant's bond as and if required.

Impairment of receivables from contracts with customers and other receivables

The group applies the simplified approach under IFRS 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the IFRS 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset.

The following table provides information about the risk profile of receivables from contracts with customers using a provision matrix. The information in the below table does not distinguish between customer or product types as the group's historical credit loss experience does not show different patterns for different customer or product types.

Credit risk profile of receivables from contracts with customers

	Days past due					
	Not past due	< 30	30 - 90	90 - 180	> 180	Total
	\$	\$	\$	\$	\$	\$
30 June 2019						
Estimated total gross carrying amount at default	181,611	-	-	12,500	-	194,111
Expected credit loss rate	0%	0%	0%	0%	0%	
Expected credit loss	-	-	-	-	-	-
30 June 2018						
Estimated total gross carrying amount at default	205,260	-	-	-	-	205,260
Expected credit loss rate	0%	0%	0%	0%	0%	

Collateral held as security

Bonds are taken from merchants as security given the risk profile of the merchants. These are offset against receivables as required.

NOTE 9: RECEIVABLES (Cont'd)

Receivables written off during the year

Receivables written off during the year relates to chargebacks not recovered from merchants. The group recovers the value of chargebacks by reducing settlements to merchants in the first instance, and via reducing the merchant's bond in the second instance. Where chargebacks haven't been recovered after six months, and a merchant has been inactive for all of this time, the funds are written off.

The contractual amount outstanding on receivables that were written off during the year is \$29,688 (2018: \$nil).

2019	2018
\$	\$

NOTE 10: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at amortised cost:

- Units in residential mortgage fund ⁽¹⁾	1,375,424	490,723
	<u>1,375,424</u>	<u>490,723</u>

(1) These investments have been acquired by the group principally for the purpose of investment of excess cash. Distribution statements are received monthly detailing the value of the investment and interest earned. These held by the group in a business model whose objective is collecting contractual cash flows that are solely payments of principal and interest. Accordingly, these investments are classified (and measured) at amortised cost.

NOTE 11: OTHER CURRENT ASSETS

Prepayments	45,742	8,274
	<u>35,742</u>	<u>8,274</u>

NOTE 12: PROPERTY PLANT AND EQUIPMENT

Plant & equipment

At cost	6,031	5,515
Accumulated depreciation	(4,377)	(2,749)
	<u>1,654</u>	<u>2,766</u>

Reconciliation

Carrying amount at beginning of year	2,766	3,839
Additions	551	-
Depreciation expense	(1,663)	(1,073)
Carrying amount end of year	<u>1,654</u>	<u>2,766</u>

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	2019	2018
	\$	\$
NOTE 13: INTANGIBLE ASSETS		
<i>Patents</i>		
At cost	153,393	153,393
Accumulated impairment loss	(90,722)	(83,112)
	62,671	70,281
<i>Reconciliation</i>		
Carrying amount at beginning of year	70,281	77,891
Amortisation	(7,610)	(7,610)
Carrying amount end of year	62,671	70,281
<i>Capitalised Software Development</i>		
At cost	233,733	187,695
Accumulated impairment loss	(93,908)	(51,765)
	139,825	135,930
<i>Reconciliation</i>		
Carrying amount at beginning of year	135,930	79,792
Additions	46,038	85,162
Amortisation	(42,143)	(29,024)
Carrying amount end of year	139,825	135,930
Total intangible assets	202,496	206,211
NOTE 14: PAYABLES		
CURRENT		
Trade payables	72,198	24,429
Settlement clearing	487,549	247,720
Other payables	426,499	201,662
	986,246	473,811
NOTE 15: OTHER LIABILITIES		
CURRENT		
Merchant Bonds	639,215	654,444
	639,215	654,444
NOTE 16: PROVISIONS		
CURRENT		
Employee benefits	37,915	25,975
	37,915	25,975

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NOTE 17: SHARE CAPITAL	2019	2018
	\$	\$
<i>(a) Issued and paid up capital</i>		
Ordinary shares	16,475,298	13,775,298

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

<i>(b) Movements in shares on issue</i>	Parent Equity		Parent Equity	
	2019		2018	
	No of Shares	\$	No of Shares	\$
Beginning of the financial year	13,775,298	6,529,286	13,775,298	6,529,286
Shares issued for advisory services at \$0.006	2,700,000	15,341	-	-
End of the financial year	16,475,298	6,544,627	13,775,298	6,529,286

On June 19, 2019, the Company issued 2,700,000 ordinary shares for total proceeds of \$15,341. The shares were issued in exchange for services to be performed subsequent to the year-end. The shares were cancellable under certain conditions. See Note 26.

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

NOTE 18: ACCUMULATED LOSSES

Balance at beginning of year	(4,766,095)	(5,215,467)
Net profit attributable to members of the group	807,393	449,372
Balance at end of year	(3,958,702)	(4,766,095)

NOTE 19: INTERESTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of SQID Technologies Ltd and its controlled entities listed below:

	Country of incorporation	Percentage owned	
		2019	2018
<i>Parent Entity:</i>			
SQID Technologies Ltd	Australia		
<i>Controlled entities of Parent Entity</i>			
SQID Payments Pty Ltd	Australia	100%	100%
EFT Managed Services Pty Ltd	Australia	100%	100%

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	2019	2018
	\$	\$
NOTE 20: CASH FLOW INFORMATION		
<i>(a) Reconciliation of cash flow from operations with profit after income tax</i>		
Profit from ordinary activities after income tax	807,393	449,372
 <i>Non-Cash Items</i>		
Amortisation	49,753	36,634
Depreciation	1,663	1,073
Receivables written off	29,688	-
 <i>Changes in assets and liabilities</i>		
(Increase)/decrease in merchant float	(281,225)	(20,015)
(Increase)/decrease in receivables	(18,539)	(12,918)
(Increase)/decrease in other assets	(37,468)	(20,015)
(Increase)/decrease in deferred taxes	340,329	167,323
(Decrease)/increase in payables	463,433	20,111
(Decrease)/increase in provisions	11,940	-
(Decrease)/increase in other liabilities	(15,229)	70,712
Net cash flow from operating activities	1,351,738	692,277
 <i>(b) Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
- Cash at bank and on hand	1,126,600	641,811
Closing cash balance	1,126,600	641,811

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	2019	2018
	\$	\$
NOTE 21: EARNINGS PER SHARE		
Reconciliation of earnings used in calculating earnings per share:		
Profit from operations	807,393	449,372
Profit used in calculating basic and diluted earnings per share	807,393	449,372
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	16,475,298	13,775,298
Basic and diluted earnings per share	0.049	0.033

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Short-term benefits	398,704	274,848
	398,704	274,848

NOTE 23: RELATED PARTY DISCLOSURES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the years ended June 30, 2019 and 2018. The following table provides the total amount of transactions with related parties for the years ended June 30, 2019 and 2018 and outstanding payables as at June 30, 2019 and 2018:

	Transaction	Amount (\$)		Payables (\$)		
		2019	2018	2019	2018	
	Sigrist Design Pty Ltd ⁽¹⁾	Other Expenses	11,400	-	11,400	-
	First Growth Funds Limited ⁽²⁾	Listing expenses	22,727	-	22,727	-
	Shape Capital Pty Ltd ⁽³⁾	Listing expenses	61,636	-	61,636	-
	Directors and senior officers	Consulting fees	317,060	194,848	37,017	24,174
	Directors and senior officers	Other expenses	80,000	80,000	-	-
	Directors and senior officers	Employee expenses	1,644	-	-	-

⁽¹⁾ Director Peter Hall has a beneficial interest in Sigrist Design Pty Ltd which rents out office space as well as being the registered office for the Group. This arrangement commenced January 2019.

⁽²⁾ First Growth Funds Limited issued an invoice dated November 1, 2019 for \$45,455 for advisory services provided from December 2018 to October 31, 2019 related to the listing of the Company on the Canadian Stock Exchange (CSE). Services included in the invoice were due diligence review of operations, financial analysis, benchmark analysis and market sounding activity. The above amount represents costs incurred for the year ended June 30, 2019. First Growth Funds Limited is a major shareholder in the company, holding 15.42% of shares as at the date of this report.

⁽³⁾ Shape Capital Pty Ltd. issued an invoice dated November 1, 2019 for \$205,455 for advisory services provided from Nov. 2018 to October 31, 2019 related to the listing of the Company on the CSE. Services included in the invoice were analysis and due diligence review of the Company's business model, operations, agreements, risk assessment, investor criteria, listing options, going public process and public exchange options and listing criteria. The above amount represents costs incurred for the year ended June 30, 2019. A director and the owner of Shape Capital Pty Ltd, Anoosh Manzoori, is also the CEO of First Growth Funds Limited.

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	2019	2018
	\$	\$
NOTE 24: AUDITOR'S REMUNERATION		
Amounts paid and payable to Pitcher Partners Brisbane for:		
<i>(i) Audit and other assurance services</i>		
An audit or review of the financial report of the parent entity and any other entity in the group ⁽¹⁾	35,140	-
An audit or review of the financial report of the parent entity and any other entity in the group ⁽²⁾	25,000	-
Total remuneration for audit and other assurance services	<u>60,140</u>	<u>-</u>
<i>(ii) Other non-audit services</i>		
Corporate valuation services	3,500	-
Total remuneration for non-audit services	<u>3,500</u>	<u>-</u>
Total remuneration of Pitcher Partners Brisbane	<u>63,640</u>	<u>-</u>
<small>(1) Fee for calendar year 2016, 2017 & 2018 audits.</small>		
<small>(2) Estimated fee for year-ended 30th June 2019 audit.</small>		
Amounts paid to SAAS Pty Ltd for:		
An audit or review of the financial report of the parent entity and any other entity in the group ⁽³⁾	-	18,000
Total remuneration for SAAS Pty Ltd	<u>-</u>	<u>18,000</u>
<small>(3) Fee for year-ended 30th June 2018 audit.</small>		

NOTE 25: PARENT ENTITY INFORMATION

Summarised presentation of the parent entity, SQID Technologies Limited, is shown below:

(a) Summarised statement of financial position

Assets

Current assets	206,809	460,182
Non-current assets	707,379	1,032,242
Total assets	<u>914,188</u>	<u>1,492,424</u>

Liabilities

Current liabilities	129,598	12,833
Total liabilities	<u>129,598</u>	<u>12,833</u>

Net assets

	<u>784,590</u>	<u>1,479,591</u>
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Equity

Share capital	6,529,286	6,529,286
Accumulated losses	(5,744,696)	(5,049,695)
Total equity	<u>784,590</u>	<u>1,479,591</u>

(b) Summarised Statement of Profit or Loss and Other Comprehensive Income

Profit for the year	(732,264)	(301,182)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(732,264)</u>	<u>(301,182)</u>

NOTE 25: PARENT ENTITY INFORMATION (Cont'd)

(c) Parent entity information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for the following.

SQID Technologies Limited and its wholly owned subsidiaries have formed a tax-consolidated group as entities have joined the group; SQID Payments Pty Ltd in 2013 and then EFT Managed Services Pty in 2014.

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

SQID Technologies Ltd did not provide any guarantees to any of its subsidiaries as at 30 June 2019.

NOTE 26: SUBSEQUENT EVENTS

The following movements on the board occurred post-30th June 2019.

Daniel Desplat resigned 18th July 2019

John O'Connor appointed 18th July 2019

Michael Clarke appointed 6th August 2019

On 1st July 2019, the contract with Robyn Gunnis was adjusted to reflect an increase in workload and responsibility.

On 1st July 2019, a deed of variation to the contract with Peter Hall, which was agreed to on 1st of March 2019, was reflected in the full agreement.

Michael Clarke, a director of SQID, is also a director of First Growth Funds Limited, which is a promoter of SQID.

On 29th August 2019, the group signed a settlement agent agreement with SR Global Solutions Pty Ltd, (trading as Merchant Warrior), for the provision of electronic commerce transactions services.

On 5th September 2019, the Company completed a share consolidation, converting every two ordinary shares into one new ordinary share. As a result of the share consolidation the number of shares issued at June 30, 2019 reduced from 16,475,298 to 8,237,676.

At a shareholders meeting on December 13, 2019 the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. Pursuant to agreements dated June 2019, the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on October 31 and November 1, 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were cancelled on December 13, 2019. The shares were replaced by invoices for services provided from October 1, 2018 to October 31, 2019 with the costs recognized as "Listing expenses".

The invoices were settled by the issue of ordinary shares as follows.

Entity	Shares at \$0.30	Total value
Tripoint Global Equities LLC	139,917	\$41,975
First Growth Funds Limited	151,515	\$45,454
Shape Capital Pty Ltd	684,848	\$205,454

There are no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 8 to 33:
 - (a) comply with International Financial Reporting Standards as stated in Note1(a)
 - (b) give a true and fair view of the financial position of the group as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that SQID Technologies Ltd and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors for the financial year ending 30 June 2019.

This declaration is made in accordance with a resolution of the directors.

NAME: Peter Hall
Director



Brisbane
Date December 18, 2019



Level 38, 345 Queen Street
Brisbane, QLD 4000

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GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Independent Auditor's Report to the Members of SQID Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SQID Technologies Limited ("the Company") and its controlled entities ("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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group presents fairly, in all material respects:

- (a) the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with International Financial Reporting Standards ("IFRS").

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

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

Other Matter

The financial report of the Group for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that financial report on 10 August 2019.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Directors report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Pitcher Partners.

PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
December 18, 2019

Schedule B-2 MD&A June 30, 2019 annual audited financial statements

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

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 June 30, 2019, 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*”.

SQID TECHNOLOGIES LIMITED

Management Discussion and Analysis

For the year ended June 30, 2019

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis (“MD&A”) is dated as of December 18, 2019 and should be read in conjunction with the audited financial statements of SQID Technologies Limited for the year ended June 30, 2019 (“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

SQID Technologies Limited (the “Company” or “SQID”) was incorporated on September 8, 2006 under the *Business Corporations Act* (Australia) with the name QPAY Holdings Ltd. On December 8, 2015, its name changed to SQID Technologies Limited. The Company has one active wholly owned operating subsidiary, SQID Payments Pty Ltd. and one inactive wholly owned subsidiary EFT Managed Services Pty Ltd. The company has no reporting or business segments.

The address of the Company’s registered and records office, corporate office and principal place of business, is 63 Westgate Street, Wacol, Queensland, Australia, 4076. As of June 30, 2019, the Company’s principal business activity was electronic payment processing under contract.

The growth of mobile use and application use in e-commerce payment processing is driven by the rise of businesses wanting to disrupt outdated or obsolete legacy operations. The challenge for businesses is to keep the legacy application functional, while converting to new, more efficient code that makes use of current technology and programming language.

This is where SQID believes the opportunity lies. The Company developed its unique patented software for payment processing in 2006 and has operated under its current business model since 2014. The Company is a payment processor (“Payment Processor”) and operates as a relationship payment provider and payment facilitator for credit card purchases and bank transfers (“*Transactions*”). The Company’s legacy software has evolved since 2006 to keep up with the continuous changes in technology. Although the Company no longer relies completely on the technology protected by its patents, they are still important for the protection of the Company’s core software code which is essential to the delivery of Transactions.

SQID is proactively and continuously updating its software to incorporate new codes, technology and programming language while ensuring it is system agnostic. SQID monitors developing trends in agnostic payment integration, biometrics, blockchain, peer to peer payments and crypto currency as they apply to the Company’s software to ensure the software is updated in-house, in a timely manner. This approach applies to potential acquisitions, partners and subsidiaries.

The Company has developed software technology to operate as payment processor, offering relationship payment provider and payment facilitator services for credit card purchases and bank transfers. This is particularly relevant in environments where remote payments for goods and services are made for financial services and electronic payments.

SQID TECHNOLOGIES LIMITED

Management Discussion and Analysis

For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Nature of Business (continued)

In the three fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017 the Company has been operating as a Payment Processor in Australia. The business has evolved over the last three years following a restructuring in 2014 to establish itself as a relationship payment provider and payment facilitator in the payment processing industry, which specializes in delivering ecommerce solutions to businesses that have their ‘card-not-present’ commercial outcomes dependent on two or more businesses. This has delivered sizeable growth in revenue as the model is based on engaging referrers, who then refers additional merchants.

The Company has concentrated on building relationships with merchants and providing incentives to merchants for referrals to new business opportunities. This has resulted in the growth level experienced with minimal overhead and resources.

Explanation of the Payment Process

A merchant must work with an acquiring bank, which is a bank or financial institution that accepts credit or debit card transactions for a cardholder (“*Acquiring Bank*”). The *Acquiring Bank* issues a specific merchant account number to a merchant enabling the merchant to accept credit and debit cards from shoppers. An *Acquiring Bank* is a registered member of a card network such as Visa or MasterCard (“*Card Network*”). The *Acquiring Bank* accepts transactions on behalf of a *Card Network* for a merchant.

Payment processors enable merchants to receive debit or credit card payments online by providing a connection to an *Acquiring Bank* (“*Payment Processors*”). The *Card Network* connects *Acquiring Banks* to the customer’s issuing bank so that a customer transaction can be verified. When a customer uses a debit or credit card for a purchase, the *Acquiring Bank* will approve or decline the transactions based on the information the on the *Card Network* and issuing bank have on record about that cardholder’s account. The merchant submits the purchase transaction information to SQID, the *Payment Processor*, used by its acquiring bank, via a payment gateway (SQID’s software that facilitates the communication of transaction information). Assuming approval, the amount of the transaction is deducted from the cardholder’s account and the cardholder is given a receipt.

SQID’s technology is structured to allow layered access to payment and merchant transactions data such as payments through franchisees (referred merchants) under a franchisor (referring merchant). The business model integrates these retail and wholesale layers and provides split settlements between each layer. This allows the franchisor to receive settlements in parallel to the franchisee. This provides a platform for commission structures and transaction-based rewards that are settled at the same time as the underlying transaction is settled. The model is applicable to affiliate marketing, rewards programs, franchises, marketplace apps, agencies, etc.

Dynamic Onboarding also allows the referring merchant (like a franchisor) to onboard the merchant (referred merchant) applicant data to SQID at the same time as enrolling to their own system, to reduce friction in the sign on process and loss of control of the sales channel to third parties like payment gateways.

The Company deploys industry standard fraud management tools to minimize the occurrence of cardholder and merchant fraud. SQID also carries a bond or security reserve from the merchant to cover any potential fraud loss.

As a *Payment Processor* SQID has contracts with merchants to handle transactions from various channels such as credit and debit card for merchant *Acquiring Banks*.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Explanation of the Payment Process (continued)

SQID provide merchant services and transaction processing to business merchants, ecommerce platforms, charities and community organizations. The Company receives a merchant fee, which is a percentage of the transaction value and also in some cases, a fee per transaction.

The Company may also generate revenue for SMS related services such as payment reminder notifications and marketing services. The Company is able to provide ecommerce, payment links, virtual point of sale (POS) terminal access for use on desktop computers or mobile phones.

All merchants have a direct relationship with SQID, which with its software and services provides payment transactions seamlessly.

SQID enables all parties to benefit through our split settlement scheme, dynamic onboarding (onboarding for the business and merchant account in parallel) and our responsive API payment technology that talks to innovative platforms including, but not inclusive only of, SaaS, Mobile applications, mobile franchise business models and other disruptive technologies. The end result is delivery of smarter conversion of business products and services in card-not-present environments.

- (1) “SMS” means a “Short Messaging Service” and is centered around cell phone texting and allows businesses to text customers with payment reminders and accept payment via cell phone.
- (2) “Split Settlement Scheme” enables a single transaction to be simultaneously settled to both the referring merchant and the referred merchant’s banks by the Company.
- (3) “Dynamic Onboarding” provided by the Company to merchants enables easy sign-up, banking integration, pre population of customer information, risk mitigation, onboarding APIs and customization options and immediate set up to begin transactions. A referring merchant is also able to onboard a referred merchant to their own business model and as a SQID merchant as well.

Onboarding is the process of getting a customer up to speed with an API, (Application of Programming Interface) and is a technical communication through which a merchant can sign up for an account.

It is currently operating only in Australia and focuses on online training, social media marketing, SaaS developers and e-commerce developers. High availability hosted servers are located in Sydney Australia with Amazon Web Services, and development servers in Sydney and Brisbane, Australia. This technology can easily be replicated in other jurisdictions that have Amazon Web Services available.

SQID sees an opportunity to reconnect to our merchant customers in the payment cycle and enable them to benefit in the transactional processing, not just the value of the transaction. SQID’s current approach is a move from a referral sales model only to a more proactive direct sales mode with existing merchant clients and new merchants. It allows more than one transaction point to deliver split settlements, and incentivizes referring merchants with a referral fee, to scale this service by onboarding new referred merchants. This is very attractive for high volume card-not-present business models that are tiered, hosts or provide services to e-commerce businesses. To facilitate this new focus, SQID is reviewing how we can value add to our ‘relationship payment’ business model through strategic partnerships with key referrers such as e-commerce web developers, franchisors, and SaaS developers and with merchant referrals. SaaS (software as a service) is a software distribution model where third-party providers host applications and makes them available).

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements

The Company's active subsidiary, SQID Payments Pty Ltd. has two agreements with two acquiring banks, *Westpac* and *Merchant Warrior*. The Company has established settings in its software to determine which of the acquiring banks is chosen for each merchant.

Westpac is located in the city of Sydney, New South Wales, Australia. Initially, the Company's now inactive subsidiary, QPay Pty Ltd. signed an agreement called the Aggregator Master Merchant Business Solution Card Acceptance Agreement dated January 29, 2009 with *Westpac*. Pursuant to a novation agreement dated December 12, 2013 among *Westpac*, QPay Pty Ltd. and *SQID Payments*. *QPay Pty Ltd. was replaced by SQID Payments as the contracting party with Westpac*. The 2009 and 2013 agreements are collectively (the "*Westpac Agreement*").

The *Westpac Agreement* reflects the terms of *Westpac*'s license with cardholders such as Visa and MasterCard so *Westpac* is obligated to make its agreements with its payment processors ("SQID") reflect the *Card Scheme Rules*. The *Westpac Agreement* therefore contains standard mandatory terms for banks carrying out their role in the payment process system. *Westpac* can unilaterally amend the *Westpac Agreement* and terminate it for no reason.

Westpac must provide written consent to any change of the ownership of the Company, its principal business activities, type of goods or services supplies to the sub-merchant and those supplied by the sub-merchants to its customers and any assignment of the *Westpac Agreement*.

The *Westpac Agreement* provides for variation such as new fees or changes, new government charges and any other variation ("Variation"). *Westpac* can also change the terms and conditions of the *Westpac Agreement* at any time and notify SQID Payments. No changes have been made to the terms and conditions. Variations have been made by *Westpac*. SQID Payments is responsible for ensuring that Sub-Merchants are notified of any changes arising from the Variations. Use of the Merchant Facility by the Sub-Merchants following such Variations is deemed acceptance.

Since then Variations have been made in processing methods, card scheme rules, risk management practices, reporting and onboarding of merchants have changed. *Westpac* sends out guidelines. An example is that Visa banned online pharmaceuticals and advised *Westpac* (as their acquiror) who advised SQID that online pharma had been moved to the "prohibited" category. If there is a change required by the Card Schemes with a specified time frame, *Westpac* and Squid work out a time frame to implement the change. If there is a policy change from *Westpac*, *Westpac* and Squid also work out a time frame.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

Practices that have evolved:

- (i) SQID operates one merchant facility covering all sub-merchants within a sub-industry
- (ii) onboarding of new sub-merchants is governed by categories of prohibited merchants, merchants requiring Westpac consent and merchants which do not require Westpac consent,
- (iii) Credit card authorizations do not always take place prior to a sale,
- (iv) Verification of the identities of the sub-merchants rather than cardholders,
- (v) Storage by SQID and each sub-merchant of encrypted cardholder data rather than names, and
- (vi) Westpac charges a fixed base percentage fee and additional interchange and scheme fees.

Given the importance of the services provided by *Westpac* to SQID's business, the Company's compliance with any new policies or practices set by *Westpac* is required in order for SQID to continue to function in reliance on its arrangement with *Westpac*. The Company considers this acceptable commercial practice in the circumstances and common to payment facilitators to comply with the *Card Schemes Rules* within Australia.

In August 2019, the Company signed an agreement with a second *Acquiring Bank, Merchant Warrior*, located in the city of Brisbane, Queensland, Australia dated August 29, 2009 called the Settlement Agent Agreement, the ("Merchant Warrior Agreement)". *Merchant Warrior* provides services comparable to those of *Westpac*.

SQID Payments and *Westpac* have been in discussions regarding updating the *Westpac Agreement* to align it more closely with current practices in respect of transactions processing methods, *Card Scheme Rules*, risk management practices reporting and onboarding of merchants. SQID does not anticipate a new agreement being entered into within the next 12 months and any timetable for a new agreement is up to *Westpac*. Such a new agreement would be expected to contain similar onerous provisions for SQID, given the *Westpac Agreement* is key to the operation of SQID's business and having regard to the services being provided by *Westpac*. Importantly, SQID expects *Westpac* to retain their right to terminate for convenience at any time. The Company has not received any indication from *Westpac* that it plans to terminate the *Westpac Agreement*. Given the continuous reporting obligations owed by SQID to *Westpac* and the common commercial interest of both SQID and *Westpac*, the Company's Board of directors have no reason to believe that SQID Payments' relationship with *Westpac* will not continue to operate in the manner it now does.

Regular reporting obligations include reports about the level of prepayment exposure and *Westpac* determines the quarantined reserve funds (currently \$185K cash) that are held as part of the fixed amount for a General Security Agreement (currently \$250K) granted by the Company to *Westpac*. The Company also retains merchant reserves as a bond form merchants based on risk and prepayment exposure determined by the Company. There is proactive management by both SQID and *Westpac* that has resulted in the successful processing of transactions from 2009 to the present.

- From 2009 to June 30, 2018, 906,000 transactions with a value of \$154,000,000 were processed.
- During the year ended June 30, 2019, 794,000 transactions were processed with a value of \$163,000,000.
- Total aggregate transactions from 2009 to June 30, 2019 is 1,700,000 with an aggregate value of \$317,000,000.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

Westpac approves any sub merchants who are required to have accounts and contracts with *Westpac*. *Westpac* charges a fixed percentage on the dollar value of each transaction and SQID Payments pays a nominal fee for new sub-merchant applications and charge backs.

SQID has given a broad indemnity to *Westpac* for all requirements of its agreement with *Westpac* and the obligations of the sub-merchants to *Westpac* on a full indemnity basis. The following is a brief summary of the Company's obligations and liabilities:

- (i) maintain an aggregator account with *Westpac*,
- (ii) maintain all connections between *SQID Payments* and each sub-merchants website and *Westpac* and the security of the connections,
- (iii) conduct due diligence on all sub-merchants to ensure they are *Westpac* approved businesses and can satisfy the obligations and responsibilities under the *Westpac Agreement* and warrant same to *Westpac*,
- (iv) ensure compliance by the sub-merchants with their agreement with *Westpac* and *Westpac* rules,
- (v) compliance by the Company and sub-merchants with the *Card Scheme Rules*,
- (vi) the Company is responsibility for the sub-merchant actions, omissions and debts due by merchants to *Westpac*. SQID retains merchant reserves as a bond from merchants based on risk and prepayment exposure (currently AUD\$640,000),
- (vii) inspect data breaches of the sub-merchants and ensure inspections and monitoring of sub-merchant account by *Westpac*,
- (viii) resolving all disputes with cardholders,
- (ix) sub-merchant compliance with policies for exchanges, return of merchandise, credit and delivery of goods

Merchant Warrior is located in the city of Brisbane, Queensland, Australia and is a provider of electronic commerce transactions services for fixed fees. SQID Payments Pty. Ltd. signed an agreement dated August 29, 2009 with *Merchant Warrior* called the Settlement Agent Agreement, the *Merchant Warrior Agreement*. The following is a brief summary of the Company's obligations and liabilities:

- 1) responsible for vetting the sub-merchants who will utilize the services,
- 2) the sole point of contact for all matters regarding the services and ensure all necessary contracts are in place,
- 3) subject to *Merchant Warrior* amending any policy in relation to the services to improve security, efficiency or performance in delivery of the services,
- 4) responsibility for maintaining security of all information and compliance by it and its sub-merchants with the *Card Scheme Rules*,
- 5) termination by *Merchant Warrior* of the *Merchant Warrior Agreement* on 30 days if SQID is in non-compliance with any material terms of the *Merchant Warrior Agreement*, on 90 days for specified reasons, insolvency, non-compliance with the *Card Scheme Rules* and security requirements, change in the holder of the controlling interest in *Merchant Warrior*,
- 6) maintaining the security of all confidential information,
- 7) provide reasonable access to SQID personnel and equipment to discuss and assess any problems or request for assistance
- 8) indemnifying *Merchant Warrior* against all liabilities and expenses of any kind as a result of breach of the *Merchant Warrior Agreement*,

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.2 – Overall Performance (continued)

Description of Business (continued)

Process Payment Agreements (continued)

- 9) provide a security deposit of \$50,000 which must be maintained at that level at all times or a bank guarantee or deposit bond for the same amount payable on demand,
- 10) achieve at least 80% of minimum transactional volumes as follows:

Forecast Volume per Day

Milestone periods	At 6 months	At 12 months	At 18 months
Total sales volume achieved	\$500,000	\$1,000,000	\$1,500,000

If the Company fails to meet the required threshold, *Merchant Warrior* may review the performance, subject to Force Majeure event,

Merchant Warrior's aggregate liability is limited, in its discretion to replacement or repair of the services, refunding payments made by clients for services. Neither party is responsible for consequential losses. Dispute resolution is by arbitration of the courts.

Results and Financing

At June 30, 2019, the Company had achieved the third consecutive year of profitable operations. The Company had accumulated a deficit of \$3,958,702 (2018 – \$4,766,095) and had working capital of \$1,785,370 (2018 – \$632,821), consisting primarily of cash and other financial assets. The company has been self-sustaining for the past 4 years and expects to remain so into the future. The Company expects to maintain profitable operations, and the Company has plans to grow its revenue through expanding current markets and expansion into new markets with a more efficient sales model. The Company's ability to continue as a going concern is dependent upon its ability to continue to generate future profitable operations and to successfully expand its markets.

On September 5, 2019, the Company consolidated the Ordinary Shares on two old Ordinary Shares for one new Ordinary Shares. To date, the Company has financed expansion from net profit from operations.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
For the year ended June 30, 2019

1.3 – Selected Annual Information

	As at	June 30 2019	June 30 2018	June 30 2017
Current Assets		3,448,746	1,787,051	960,365
Other Assets		785,214	1,130,370	1,239,434
Total Assets		<u>4,233,960</u>	<u>2,917,421</u>	<u>2,199,799</u>
Current Liabilities		1,663,376	1,154,230	885,980
Shareholders' Equity		6,529,286	6,529,286	6,529,286
Deficit		(3,958,702)	(4,766,095)	(5,215,467)
Total Liabilities and Shareholders' Equity		<u>4,233,960</u>	<u>2,917,421</u>	<u>2,199,799</u>
	Years Ended	June 30 2019	June 30 2018	June 30 2017
Revenue		5,403,525	3,137,074	2,256,258
Cost of Sales		(3,154,989)	(1,878,737)	(1,252,045)
Gross Profit		<u>2,248,536</u>	<u>1,258,337</u>	<u>1,004,213</u>
Operating Expenses		(1,100,814)	(638,513)	(598,937)
Income Tax (expense) recovery		(340,329)	(170,452)	1,117,833
Profit & Comprehensive Profit for Period		<u>807,393</u>	<u>449,372</u>	<u>1,523,109</u>
Basic and diluted earnings per share		0.06	0.03	0.11
Weighted average number of Ordinary Shares outstanding		16,475,298	13,775,298	13,775,298

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1.4 – Results of Operations

Operations during the year ended June 30, 2019 were primarily related to continuing to grow their market and refine their sales approach. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the year ended June 30, 2019.

Annual

During the year ended June 30, 2019, the Company recorded income of \$5,403,525 (2018 – \$3,137,073), comprised of revenue from contracts of \$5,176,974 (2018 – \$2,984,443), other revenue of \$177,551 (2018 – \$135,769) and interest of \$49,000 (2018 – \$16,861). Revenue from contracts grew by 173% as a result of increased number of customers and increase volume per customer.

During the year ended June 30, 2019, the Company incurred expenses of \$4,255,803 (2018 – \$2,517,249). These expenses consisted of direct transaction costs and operating expenses. Direct transaction costs are the direct costs incurred to process their service contracts to earn revenue from contracts. Operating expenses are the costs to operate the other business activities of the Company.

During the year ended June 30, 2019, the Company incurred direct transaction costs of \$3,154,989 (2018 – \$1,878,737), related to the revenue from contracts and other revenue which resulted in gross profit of \$2,199,536 (2018 – \$1,241,475). The gross profit margin was 41.1% (2018 – 39.8%). The increase in gross profit margin was due to an increase in the average merchant transaction value.

During the year ended June 30, 2019, the Company incurred operating expenses of \$1,100,814 (2018 – \$638,512), consisting of other expense of \$281,467 (2018 – \$103,115), consultancy fees of \$317,060 (2018 – \$274,848), employee benefits expense of \$181,063 (2018 – \$161,595), professional fees of \$118,506 (2018 – \$18,157), listing costs of \$89,838 (2018 – \$nil), IT and hosting costs of \$61,498 (2018 – \$43,090) and depreciation and amortisation expenses of \$51,382 (2018 – \$37,707). Listing expenses were incurred related to a listing on the CSE. Professional fees were higher in 2019 due to expenditure on corporate advisory costs around the public listing on the CSE. Other expenses were higher in 2019 due to legal, audit and consultancy fees related to exploring a public listing on the Australian Stock Exchange as well as merchant bad debts, rent and software costs. The remaining expenses were generally consistent or slightly higher due to increased software costs & IT consumables, other legal expenses, audit fees and office rent.

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1.5 – Summary of Quarterly Results (Unaudited)

	As at	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17
Current Assets									
Bank		3,224,234	3,126,828	4,139,160	1,908,292	1,573,520	1,225,095	1,418,471	948,328
Accounts Receivable		194,111	58,567	80,055	107,724	205,259	148,477	112,052	83,046
Other Current Assets		45,742	10,627	18,221	16,452	8,272	14,774	19,919	7,379
Total Current Assets		3,464,087	3,196,022	4,237,436	2,032,467	1,787,051	1,388,346	1,550,442	1,038,754
Non-Current Assets									
Intangible Assets		202,496	105,627	107,530	109,432	206,211	113,237	115,140	117,042
Fixed Assets		1,654	1,932	2,210	2,488	2,766	3,106	3,445	575
Deferred Tax Asset		581,064	652,532	749,802	864,406	921,393	976,544	1,091,845	1,091,845
Total Non-current Assets		785,214	760,091	859,542	976,326	1,130,370	1,092,887	1,210,429	1,209,462
Total Assets		4,249,301	3,956,114	5,096,978	3,008,793	2,917,421	2,481,232	2,760,872	2,248,216
Liabilities									
Current Liabilities									
Accounts Payable		72,198	83,908	25,593	30,778	24,429	26,601	26,480	30,769
Other Liabilities		639,215	642,886	642,886	642,676	654,444	653,594	553,713	568,081
Other Payables		951,963	912,739	2,305,253	471,458	475,357	146,782	541,917	187,591
Total Current Liabilities		1,663,376	1,639,533	2,973,732	1,144,913	1,154,230	826,978	1,122,110	786,440
Total Liabilities		1,663,376	1,639,533	2,973,732	1,144,913	1,154,230	826,978	1,122,110	786,440
Net Assets		2,585,925	2,316,580	2,123,246	1,863,880	1,763,191	1,654,255	1,638,761	1,461,775
Equity									
Share Capital		6,544,627	6,529,286	6,529,286	6,529,286	6,529,286	6,529,286	6,529,286	6,529,286
Retained Earnings		(3,958,702)	(4,212,706)	(4,406,040)	(4,665,406)	(4,766,095)	(4,875,031)	(4,890,525)	(5,067,511)
Total Equity		2,585,925	2,316,580	2,123,246	1,863,880	1,763,191	1,654,255	1,638,761	1,461,775

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Quarters Ended	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17
Card Revenue from contracts with customers	1,538,375	1,474,526	1,433,843	907,696	813,615	734,859	832,621	737,337
SMS Revenue from contracts with customers	5	14	28	38	32	533	641	574
Interest Income	17,658	15,306	11,717	4,319	4,959	6,536	2,565	2,801
	1,556,038	1,489,846	1,445,588	912,053	818,606	741,928	835,828	740,712
Direct Transaction Costs	908,144	879,722	840,394	526,728	474,877	456,893	504,898	442,069
Employee benefits expense	45,266	45,266	45,266	45,266	40,399	40,399	40,399	40,399
Depreciation and amortisation	44,840	2,181	2,181	2,181	31,266	2,242	2,223	1,976
Consultancy fees	81,551	98,881	68,637	67,991	65,597	76,916	66,480	65,855
Professional fees	29,950	48,556	20,000	20,000	4,402	4,582	4,403	4,769
Listing expenses	41,556	39,282	9,000	-	-	-	-	-
IT & hosting costs	17,874	15,073	16,274	12,277	11,102	10,391	11,458	10,139
Other expenses	61,385	70,280	69,867	79,935	27,757	26,085	25,459	23,815
	1,230,566	1,199,241	1,071,618	754,377	655,400	617,507	655,320	589,022
Profit before Tax	325,472	290,604	373,970	157,676	163,206	124,420	180,508	151,690
Income Tax	71,468	97,270	114,604	56,987	55,151	115,301	-	-
Profit for the quarter	254,004	193,334	259,366	100,689	108,937	15,493	176,986	147,956
Basic and diluted earnings per share	0.02	0.01	0.02	0.01	0.01	0.00	0.01	0.01
Weighted average number of ordinary shares	16,475,298	13,775,298	13,775,298	13,775,298	13,775,298	13,775,298	13,775,298	13,775,298

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1.6 – Liquidity and Capital Resources

The Company's sole source of funding in the past three years has been from profitable operations. The Company is planning to grow into new markets and to increase sales in existing markets and therefore may require additional cash flows. The Company's ability to raise cash depends on various capital market conditions. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that

may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors

There can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its Ordinary Shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options. There is no assurance that the Company will be successful in obtaining the funds it may require to sustain operations or that the terms of any financing obtained will be acceptable.

As at June 30, 2019, the Company had cash and cash equivalents on hand of \$1,126,600 (2018 – \$641,811).

During the year ended June 30, 2019, cash provided by operating activities was \$1,367,079 (2018 – \$692,277), cash used in investing activities was \$882,290 (2018 – \$337,955), cash provided by financing activities was nil (2018 – \$nil). The increase in cash provided by operating activities is primarily related to increased revenue and gross profit. The increase in cash used in investing activities is primarily related to the acquisition of investments. Cash provided by financing activities was nil (2018 – \$nil)

Shareholder's equity as at June 30, 2019 was \$2,570,584 (2018 – \$1,763,191). Although the Company has been successful in the past in raising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

1.8 – Off Balance Sheet Arrangements

As at June 30, 2019, there were no off-balance sheet arrangements to which the Company was committed.

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1.09 – Transactions with Related Parties

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the years ended June 30, 2019 and 2018. The following table provides the total amount of transactions with related parties for the years ended June 30, 2019 and 2018 and outstanding payables as at June 30, 2019 and 2018:

	2019	2018
Transactions:		
Consultancy fees		
Fees paid to Peter Hall, CEO and Director ⁽³⁾	\$ 200,000	\$ 200,000
Fees paid to Lee Horobin, CFO ⁽³⁾	\$ 48,760	\$ 49,276
Fees paid to Robyn Gunnis, COO ⁽³⁾	\$ 68,300	\$ 25,572
Other expenses		
Fees paid to Andrew Sterling, Director	\$ 40,000	\$ 40,000
Fees paid to John O'Connor, Director	\$ 40,000	\$ Nil
Employee expenses		
Benefits related to Peter Hall and Lee Horobin	\$ 1,644	\$ Nil
Other expenses		
Rent paid to Sigrist Design Pty Ltd. ⁽⁴⁾	\$ 11,400	\$ Nil
Listing expenses		
Fees paid to First Growth Funds Limited ⁽¹⁾	\$ 22,727	\$ Nil
Fees paid to Shape Capital Pty Ltd. ⁽²⁾	\$ 61,636	\$ Nil
Balances:		
Accounts Payable		
Peter Hall ⁽³⁾	\$ 18,333	\$ 18,333
Lee Horobin ⁽³⁾	\$ 7,682	\$ 3,014
Robyn Gunnis ⁽³⁾	\$ 11,000	\$ 2,827
First Growth Funds Limited ⁽¹⁾	\$ 22,727	\$ Nil
Shape Capital Pty Ltd. ⁽²⁾	\$ 61,636	\$ Nil
Sigrist Design Pty Ltd. ⁽⁴⁾	\$ 11,400	\$ Nil

⁽¹⁾ First Growth Funds Limited issued an invoice dated November 1, 2019 for \$45,455 for advisory services provided from December 2018 to October 2019 related to the listing of the Company on the Canadian Stock Exchange (CSE). Services included in the invoice were due diligence review of operations, financial analysis, benchmark analysis and market sounding activity. \$22,727 of the expenses were recognized in the period to June 30, 2019. First Growth Funds Limited is a major shareholder in the Company, holding 15.42% of shares as at the date of this report.

⁽²⁾ Shape Capital Pty Ltd. issued an invoice for \$205,455 dated November 1, 2019 for advisory services provided from November 2018 to October 2019 related to the listing of the Company on the CSE. Services included in the invoice were analysis and due diligence review of the Company's business model, operations, agreements, risk assessment, investor criteria, listing options, going public process and public exchange options and listing criteria. \$61,636 of the expenses were recognized in the period to June 30, 2019. The director and owner of Shape Capital Pty Ltd, Anoosh Manzoori, is also the CEO of First Growth Funds Limited.

⁽³⁾ Hall, Horobin and Gunnis invoice SQID for their services monthly in arrears. The invoices are paid in full in the following month.

⁽⁴⁾ Director Peter Hall has a beneficial interest in Sigrist Design Pty Ltd., which rents out office space as well as being the registered office for the Group. This arrangement commenced January 2019.

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1.09 – Transactions with Related Parties (continued)

Subsequent events

At a shareholders meeting on December 13, 2019, the shareholders approved a resolution to approve the buy-back of 1,350,000 consolidated shares issued at \$0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. Pursuant to agreements dated June 2019, the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on October 31 and November 1, 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were cancelled December 13, 2019. The shares were replaced by invoices for services provided from October 1, 2018 to October 31, 2019 with the costs recognized as “Listing expenses”. The advisory fees related to these invoices were recorded in the periods the services were provided.

The invoices were settled by the issue of ordinary shares as follows:

Entity	Shares at \$0.30	Total value
Tripoint Global Equities LLC	139,917	\$ 41,975
First Growth Funds Limited	151,515	\$ 45,454
Shape Capital Pty Ltd	684,848	\$205,454

1.10 Fourth Quarter

During the three months ended June 30, 2019, the Company recorded income of \$1,556,038 (2018 – \$818,606), comprised of revenue from contracts of \$1,493,177 (2018 – 785,860), interest of \$17,658 (2018 – \$4,319) and other revenue of \$44,203 (2018 – \$28,427). Revenue from contracts grew by 190% as a result of increased number of customers and increase volume per customer.

During the three months ended June 30, 2019, the Company incurred expenses of \$1,230,566 (2018 – \$655,400). These expenses consisted of direct transaction costs and operating expenses. Direct transaction costs are the direct costs incurred to process their service contracts to earn revenue from contracts. Operating expenses are the costs to operate the other business activities of the Company.

During the three months ended June 30, 2019, the Company incurred direct transaction costs of \$908,144 (2018 – \$474,877), related to the revenue from contracts and other revenue which resulted in gross profit of \$647,894 (2018 – \$343,729). The gross profit margin was 41.6% (2018 – 42.0%). The gross profit margin has been generally consistent the past two years.

During the three months ended June 30, 2019, the Company incurred operating expenses of \$322,422 (2018 – \$180,523), consisting of consultancy fees of \$123,107 (2018 – \$65,597), other expense of \$61,385 (2018 – \$27,757), employee benefits expense of \$45,266 (2018 – \$40,399), professional fees of \$29,950 (2018 – \$4,402), IT and hosting costs of \$17,874 (2018 – \$11,102) and depreciation and amortisation expenses of \$44,840 (2018 – \$31,266). Other expenses were higher in 2019 due to increased software costs & IT consumables, other legal expenses, audit fees and office rent. Professional fees were higher in 2019 due to expenditure on corporate advisory costs around the public listing.

1.11 – Proposed Transactions

The Company has no proposed transactions as at the date of this document.

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1.12 – Critical Accounting Estimates

The Company has outlined the basis of its critical accounting estimates and judgements in Note 2 of the June 30, 2019 Financial Statements.

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

Future Changes in Accounting Policies

New accounting standards adopted by the Company:

IFRS 9 Financial Instruments - The Company adopted IFRS 9 on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no significant impact on the financial statements.

New accounting standards issued but not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 Leases - On January 13, 2016 the IASB issued IFRS 16, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from contracts with customers” at or before the date of initial adoption of IFRS 16.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

1.14 – Financial Instruments and Other Instruments

The Company’s financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company’s expenses are denominated in Australian dollars. The Company’s corporate office and current operations are based in Australia and current exposure to exchange rate fluctuations is minimal. This will change if the Company expands its business outside of Australia.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with financial institution.

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1.14 – Financial Instruments and Other Instruments (continued)

(iv) *Liquidity risk*

In the management of liquidity risk, the Company maintains a balance between continuity of funding and exploration activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

1.15 – Other MD&A Requirements

Share Capital

The authorized share capital consists Ordinary Shares without par value.

On September 5, 2019, the Company consolidated the ordinary shares on the basis of two old ordinary shares for one new ordinary share.

The total number of ordinary shares issued and outstanding as at June 30, 2019 was 16,475,298 and at the date of this report was 8,237,676. Refer to subsequent events.

As at June 30, 2019 and at the date of this report there were no stock options outstanding.

As at June 30, 2019 and at the date of this report there were no warrants outstanding.

Subsequent events

The following movements on the Board of Directors occurred subsequent to June 30, 2019:

- On July 18, 2019, Daniel Desplat resigned as a director
- On July 18, 2019, John O'Connor appointed as a director
- On August 6, 2019, Michael Clarke appointed as a director

On July 1, 2019, the contract with Robyn Gunnis was adjusted to reflect an increase in workload and responsibility.

On July 1, 2019, a deed of variation to the contract with Peter Hall, which was agreed to on 1st of March 2019, was reflected in the full agreement.

Michael Clarke, a director of SQID, is also a director of First Growth Funds Limited, which is a promoter of SQID.

On August 29, 2019, the group signed a settlement agent agreement with SR Global Solutions Pty Ltd, (trading as Merchant Warrior), for the provision of electronic commerce transactions services.

On September 5, 2019, the Company completed a share consolidation, converting every two ordinary shares into one new ordinary share. As a result of the share consolidation the number of shares issued at June 30, 2019 reduced from 16,475,298 to 8,237,676. Pursuant to agreements dated June 2019, the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on October 31 and November 1, 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were cancelled December 13, 2019. The shares were replaced by invoices for services provided from October 1, 2018 to October 31, 2019 with the costs recognized as "Listing expenses". The advisory fees related to these invoices were recorded in the periods the services were provided.

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RISK FACTORS AND UNCERTAINTIES

The Company is in the business of electronic payment processing under contract. Due to the nature of the Company's business and the present stage of its activities, many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

No Market for the Ordinary Shares

There is no market through which the Ordinary Shares may be sold and there are no assurances that any market will develop in the future. This means that there is no central place, such as a stock exchange or stock quotation system, to resell the Ordinary Shares. This means that even if you locate a buyer and negotiate your own sale, you may still not be allowed to resell the Ordinary Shares or to pledge the Ordinary Shares as collateral for a loan. Accordingly, an investment in the Ordinary Shares should only be considered by investors who are able to bear the economic risk of a long-term investment and do not require liquidity.

Risk of No Return on Investment

There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Ordinary Shares will earn a specified rate of return or any return over the life of the Company.

Dilution to the Company's Existing Shareholders

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into Ordinary Shares would result in dilution, possibly substantial, to present and prospective holders of Ordinary Shares.

Uncertainty of Additional Financing

There are no assurances that the Company's future working capital will be adequate to execute its business plan or objectives as contemplated herein. The Company does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Company will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse effect on the Company. Equity financing and the additional issuance of equity securities will result in the substantial dilution to the Company's shareholders.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

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RISK FACTORS AND UNCERTAINTIES (continued)

Share Price Volatility

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uncertainty of Use of Proceeds

Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See “Use of Proceeds”.

Reliance on the Directors and Officers and Other Key Personnel

The Company has a small management team and the unexpected loss of any of these individuals would have a serious impact on the business. Specifically, the Company is dependent upon the skills of the management team listed in items “*Directors and Executive Officers*” for the successful operation of its business. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company. The Company also relies on consultants to carry out its business objectives and the unexpected loss of any of these consultants could have a serious impact on the business.

Conflicts of Interest

The directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Company. Investment in the Company will not carry with it the right for either the Company or any subscriber to invest in any other property or venture of the directors and officers of the Company, or to any profit therefrom or to any interest therein. The directors and officers have a responsibility to identify and acquire suitable acquisition targets on behalf of the Company. To the extent that an opportunity arises to enter into such an agreement, the directors of the Company have the discretion to determine whether the Company will avail itself of the investment opportunity and, if it does not, any of the directors and officers of the Company shall be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Company, the directors and officers of the Company have no obligation to offer an investment opportunity to the Company. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

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RISK FACTORS AND UNCERTAINTIES (continued)

Employee Recruitment Risk

The successful operation of SQID also relies on SQID's ability to attract and retain a small team of experienced employees with specialist skills, including relationship managers, qualified software developers, key programming staff, sales staff, operational staff and the management team. These persons possess intimate knowledge of the SQID technology through extensive experience applying the technology.

Although the SQID technology has been documented, the loss of these key personnel may adversely affect the Company's prospects of pursuing its development programs within timeframes expected in the industry. If the business expands and grows, failure to appropriately recruit and retain employees may adversely affect SQID's ability to develop and implement its business strategies.

Relationship with Westpac and Merchant Warrior

The agreements with Westpac and Merchant Warrior are essential to the Company's operations and without them the Company cannot operate. The Company's payment processes services require banks such as Westpac and Merchant Warrior, which is a registered member of a card network such as Visa or MasterCard ("Network"). The Acquiring Bank accepts transactions on behalf of Network for a merchant. Westpac can unilaterally amend its Westpac Agreement with the Company and cancel the Westpac Agreement for no reason on 30 days' notice. Merchant Warrior can amend its agreement for specified reasons. If both agreements were cancelled the Company would cease operations after 30 day unless it found a replacement bank registered to the card network. Refer to "*Description of the Business*" for full details.

Relationships with Key Third Party Suppliers and Service Providers

SQID's business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers, who provide a number of services that are key to SQID's service offering, including hosting, certain software applications, data providers and the provision of insurance. Contracts with these suppliers and service providers are typically terminable without cause, in some cases on short notice.

Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact SQID's ability to win and retain contracts, each of which could materially adversely affect SQID's business, operating and financial performance.

Where SQID relies on third party systems, SQID always seek to have service level agreements with minimum performance criteria set. Payment to the service providers is dependent on their continuity of their services. SQID will actively seek alternative supply channels to mitigate the impact should there occur a "no fault" termination of a supply agreement. There is no assurance that SQID can always maintain or replace its third-party systems in a timely manner and prevent loss of service.

SQID TECHNOLOGIES LIMITED
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RISK FACTORS AND UNCERTAINTIES (continued)

Loss of Customer Contracts

The Company's contracts, including with key customers, may generally be terminated without cause by a customer, in some cases on short notice. SQID could lose key customers or material contracts, due to a range of events including, because of failure to renew a contract, a loss of a tender, a deterioration in customer service levels or relationships, or disputes with customers. Any of these factors could materially adversely affect SQID's business, operating and financial performance.

SQID, like all service providers, must deliver services that continue to meet the needs of its customers. SQID is dependent on retaining in-house software development capability to ensure its business continues to evolve and service the needs of its customers. There is no assurance that it will be successful in recruiting and keeping the personnel required for delivery of its services.

Profit Margins

Margins vary considerably across the range of products and services that SQID provides and a change in the mix of products and services that SQID sells to its customers could have a material adverse impact on SQID's financial performance.

Operational Risks

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology Risk

The Company's products and services are dependent upon advanced technologies, which are susceptible to rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete because of, such technological changes. There can be no assurance that the Company can respond in a timely manner so that its response will be adequate to successfully overcome the technological change.

Unforeseen Competition

There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Company. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for such products and services.

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RISK FACTORS AND UNCERTAINTIES (continued)

Disruption of Technology Platforms

SQID's ability to provide reliable services, effective payment and transaction processing and accurate and timely reporting for its customers is a key aspect of its business. This depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems, IT infrastructure and back-end data processing systems.

SQID's core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events. Any systemic failure or sustained disruption to the effective operation of SQID's technology platform could severely damage SQID's reputation and its ability to generate new business or retain existing business, directly impair SQID's operations and customer service levels or necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect SQID's business, operating and financial performance.

Data Security Risks

The Company will utilize servers with significant amounts of data stored in via third party companies being AWS. Should the Company be responsible for the loss of any or all the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data stored will be confidential. The company does not store full card data. If the company's data is ever compromised, then customer card data will not be accessible to those in possession of the data. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

Cybersecurity

SQID is subject to Australian Privacy legislation which includes the requirement to advise an entity if their identity has been compromised. SQID is also required to comply with the Payment Card Industry (PCI) standard, which sees us adhere to very strict rules in the use of the software and hardware we implement in our hosting environment. All our data is hosted remotely by Amazon Web Services (AWS), which also complies with the PCI standard. The Company relies on AWS cybersecurity arrangements. The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that all companies that accept, process, store or transmit credit card information maintain a secure environment. The AWS/SQID secure environment incorporates firewalls, routing rules, authorized access only and encryption.

Internet Fraud

SQID has detailed merchant vetting / KYC procedures used to detect or mitigate fraud. Merchant accounts all have transaction limits, in line with the industry they are in, and all transactions are monitored and assigned a risk score. SQID also has transaction monitoring including the flagging of chargeback activity; SQID has the ability to withhold settlements pending an investigation into transactions. SQID also takes bonds from merchants as security in case the need to recover chargebacks arises. Bonds also act as a deterrent to fraudsters from even commencing the merchant onboarding process.

Money Laundering

This is a significant for all businesses. SQID is governed by the Australian Anti-Money Laundering legislation and is required to operate in a PCI (Payment Card Industry) compliant manner when dealing with credit card information and payments.

SQID TECHNOLOGIES LIMITED
Management Discussion and Analysis
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RISK FACTORS AND UNCERTAINTIES (continued)

Management of Growth

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Increases in Competition

The payment processing industry is highly competitive and SQID may face increased competition from actions by existing competitors, the entry of new competitors, consolidation between existing competitors or from major customers bypassing payment processing and transactions switching companies and transacting directly with end customers.

SQID's competitive position may deteriorate because of these factors, or a failure by SQID to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in SQID's competitive position could materially adversely affect SQID's business, operating and financial performance.

Damage to Reputation or Brand

SQID's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service levels, improper conduct, adverse media coverage or underperformance of customer-facing third-party suppliers and service providers. Reputational damage may potentially result in a failure to win new contracts and impinge on SQID's ability to maintain relationships with existing customers, suppliers and service providers and impede its ability to compete successfully in the payment transactions industry and to attract key employees. If any of these occur, this could materially adversely affect SQID's business, operating and financial performance.

The Company is proactive in dealing with these risks by regular reporting to customers about service levels, which allows the Company's representatives to be proactive in identifying and mitigating any service level deterioration. Regular systems maintenance is also important to ensure optimum services levels and minimum disruption to customers. There is no assurance that the Company's efforts to mitigate these risks will always be successful.

Exposure to Adverse Macroeconomic Conditions

SQID is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into transaction processing arrangements. These macroeconomic conditions may materially adversely affect SQID's business, operating and financial performance. Payment transactions are the core of most commercial activity. Unless there is a catastrophic event, payment processing will occur.

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Management Discussion and Analysis
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RISK FACTORS AND UNCERTAINTIES (continued)

Protection of Intellectual Property

SQID relies on laws relating to patents, trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. There is a risk that unauthorized use and copying of SQID customer-facing technology platform will occur, or third parties will successfully challenge the validity, ownership or authorized use of intellectual property. This could involve significant expense and potentially the inability to use the intellectual property, which could materially adversely affect SQID's business, operating and financial performance. SQID does not currently have insurance for this possibility.

The Company is considering insurance (if available on economic terms) to fund possible future enforcement action against any potential infringer. There is no assurance that the Company's efforts to prevent unauthorized use or copying of its technology will always be successful.

Acquisition Risk and Associated Risk of Dilution

SQID's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with SQID's existing business, the financial performance of SQID could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed.

Expansion of its Merchant Base and Industries Served

There is no assurance that the Company's plans to expand its Merchant Base and to expand the industry sectors in which it currently operates.

Credit Card Prepayment Risk

SQID Payments provides merchant services, under the Merchant *Westpac Agreement* with *Westpac* and under the *Merchant Warrior Agreement* with *Merchant Warrior*. SQID is at risk if merchants fail to deliver goods to their customers that were purchased using credit cards. SQID may be liable for charge backs from the card schemes or card issuing banks. Further if the number of charge backs in a given period is considered excessively high, SQID is at risk of incurring levy fines or even exclude SQID from participation in their networks.

SQID attempts to mitigate these risks by withholding the chargeback value from settlements to merchants and holds direct debit authority with merchants to recover unfunded charge backs. SQID may request security deposits from merchants at risk of prepayment default. SQID is also seeking insurance if this is available at economic rates.

Insurance Risk

SQID's only insurance is mandatory worker's compensation insurance. SQID does not currently hold insurances against the identified risks of its operations. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of SQID. There are uninsurable risks such as cardholder fraud, merchant fraud, merchant business failure and adverse regulatory changes.

SQID TECHNOLOGIES LIMITED
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RISK FACTORS AND UNCERTAINTIES (continued)

Exchange Rate Risk

SQID currently operates in Australia. The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Australian dollar.

Unforeseen Expenses

All expenses that SQID is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations

There are no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and employment standards.

Environmental and Safety Regulations and Risks, Climate Change

There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. SQID, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on SQID's business is not foreseeable at this time.

APPROVAL

The Board of Directors of the Company approved the disclosure contained in this MD&A on December 18, 2019.

Schedule "C" Audit Committee Charter

Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of SQID Technologies Limited (the "**Company**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- the qualifications, independence and performance of the Company's auditor;
- internal controls and disclosure controls;
- the performance of the Company's internal audit function; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

Authority

The Committee has the authority to:

- engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

Composition and Expertise

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. The Committee shall be comprised of members, a majority of whom are not officers, employees or control persons (as such term is defined in the policies of the Canadian Securities Exchange and any other publicly listed exchange on which the Ordinary Shares of the Company are listed) of the Company.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least once per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the CSE and shall recommend changes to the Board thereon.

Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

Duties and Responsibilities

Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

- (a) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (b) if deemed appropriate by the Committee, engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (c) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability thereof;
- (d) discussing with management any significant variances between comparative reporting periods; and
- (e) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

Auditor

The Committee is responsible for recommending to the Board:

- (a) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (b) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

Relationship with the Auditor

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (a) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (b) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (c) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (d) meeting in camera with the auditor whenever the Committee deems it appropriate.

Accounting Policies

The Committee is responsible for:

- (a) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (b) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (c) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (d) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (e) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

Risk and Uncertainty

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (a) uncertainty notes and disclosures; and
- (b) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board and, once approved by the Board, overseeing the implementation and ongoing monitoring of such policies.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

Controls and Control Deviations

The Committee is responsible for reviewing:

- (a) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (b) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

Compliance with Laws and Regulations

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as: tax and financial reporting laws and regulations; legal withholdings requirements; environmental protection laws; and other matters for which directors face liability exposure.

Non-Audit Services

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

Schedule D Corporate Governance Policy

Corporate Governance

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to and hereby disclose its corporate governance practices as follows.

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the Corporation Act, 2001;
- (b) the Company's Constitution; and
- (c) other applicable laws and Company policies.

Board of Directors

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results. The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management.

The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan, which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan. The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board periodically discusses the systems of internal control with the Company's external auditor.

The Board is responsible for choosing the Chief Executive Officer and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Company's internal control processes and management information systems. The Board consults with the internal auditor and management of the Company to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Company's internal control processes and management information systems.

The Board is responsible for determining whether or not each director is an independent director. Directors who also act as officers of the Company are not considered independent. Directors who do not also act as officers of the Company, do not work in the day-to-day operations of the Company, are not party to any material contracts with the Company, or receive any fees from the Company except as disclosed in this Prospectus.

The Company's Board consists of four directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. John O'Connor and Andrew Sterling are independent. Peter Hall is not independent as he is the Company's Chief Executive Officer. Michael Clarke is not independent as he is a director of First Growth Funds Limited, a promoter of the Company. See "*Promoters*".

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records as filed on SEDAR at www.sedar.com after the Company becomes a Reporting Company. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

The Board has adopted a Remuneration Committee Charter pursuant to which three directors have been appointed to the Remuneration Committee: John O'Connor, Andrew Sterling and Michael Clarke. The Remuneration Committee Charter sets out the standards and terms for the compensation of the Company's Chief Executive Officer and Chief Financial Officer with reference to industry standards and the financial situation of the Company.

Schedule “E” Remuneration Committee Charter

1. Committee members

The Board has established the Remuneration Committee, the initial members of which are:

John O’Connor, Michael Clarke and Andrew Sterling

2. Purpose

The Remuneration Committee Charter (**Charter**) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee (**Committee**).

3. Definition and objectives of Committee

3.1 The Committee is a committee of the Board which will ideally be comprised of:

- (a) a minimum of three members;
- (b) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
- (c) a majority of Independent Directors; and
- (d) an Independent Director as the chairperson.

If the Committee includes an executive Director, the executive Director should not be involved in deciding his or her own remuneration and should be cognisant of any potential conflict of interest if he or she is involved in setting remuneration for other executives that may indirectly affect his or her own remuneration.

3.2 In developing the structure for executive remuneration, consider matters including that:

- (a) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;
- (b) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company’s business, and should reflect core performance requirements and expectations;
- (c) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company’s short and long term performance objectives. Such targets should be appropriate to the Company’s circumstances, goals and risk appetite;
- (d) equity based remuneration may include, among other things, options or performance rights. Such remuneration should include appropriate hurdles that are aligned to the Company’s longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and
- (e) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.

3.3 The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

- (a) Management remuneration and incentive plans including, but not limited to:

- (1) pension and superannuation rights and compensation payments and any amendments to that policy proposed from time to time by Management;
- (2) reviewing the on-going appropriateness and relevance of the Management remuneration policy and other Management benefit programs;
- (3) considering whether to seek shareholder approval of the Management remuneration policy;
- (4) overseeing the implementation of the remuneration policy; and
- (5) reviewing and approving the total proposed payments from each member of Management,

and in respect of such Management remuneration, reviewing the competitiveness of the Company's Management compensation programmes to ensure:

- (6) the programmes are attractive, with a view to ensuring the retention of the Company's Management;
- (7) the motivation of the Company's Management to achieve the Company's business objectives; and
- (8) the alignment of the interests of key leadership with the long term interests of the Company's shareholders;

(b) remuneration packages for Management including, but not limited to:

- (1) considering and making recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed remuneration, performance based remuneration, equity based remuneration, termination benefits, retirement rights, service contracts and superannuation), having regard to the Management remuneration policy; and
- (2) considering whether shareholder approval will be required;

(c) non-executive Director remuneration including, but not limited to:

- (1) the Company's remuneration framework for non-executive Directors, including the process by which any pool of non-executive Directors' fees approved by shareholders are allocated to non-executive Directors;
- (2) in developing the structure, considering matters including that:
 - (A) non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);
 - (B) levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role;
 - (C) non-executive Directors should not receive performance based remuneration;
 - (D) non-executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or performance rights as part of their remuneration; and
 - (E) non-executive directors should not be provided with retirement benefits (other than statutory superannuation); and
- (3) ensuring that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders;

(d) the Company's recruitment, retention and termination policies and procedures for senior management;

- (e) incentive plans (equity and cash based) including, but not limited to:
 - (1) reviewing and approving the design of all equity based plans;
 - (2) keeping all plans under review in light of legislative, regulatory and market developments;
 - (3) for each equity-based plan, determining each year whether awards will be made under that plan;
 - (4) ensuring that the equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
 - (5) reviewing and approving total proposed awards under each plan;
 - (6) in addition to considering awards to executive Directors and direct reports to the Managing Director, reviewing and approving proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
 - (7) reviewing, approving and keeping under review performance hurdles for each equity-based plan;
- (f) superannuation arrangements;
- (g) remuneration of members of other Committees of the Board; and
- (h) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other employees of the Company.

4. Remuneration policies

- 4.1 The Committee should design the remuneration policy in such a way that it:
 - (a) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
 - (b) demonstrates a clear relationship between key executive performance and remuneration.
- 4.2 In performing its role, the Committee is required to ensure that:
 - (a) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
 - (b) contract provisions reflect market practice; and
 - (c) targets and incentives are based on realistic performance criteria.
- 4.3 The Committee will also:
 - (a) overview the application of sound remuneration and employment practices across the Company; and
 - (b) ensure the Company complies with legislative requirements related to employment practices.

5. Approval

The Committee must approve the following prior to implementation:

- 5.1 changes to the remuneration or contract terms of Executive Directors and Management;
- 5.2 the design of new, or amendments to current, equity plans or Management cash-based incentive plans;

- 5.3 the total level of compensation proposed from equity plans or executive cash-based incentive plans; and
- 5.4 termination payments to executive Directors or Management, including consideration of early termination, except for removal for misconduct.

6. Reporting

- 6.1 Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.
- 6.2 The Committee, through the chairperson of the Committee (**Committee Chairperson**), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and circular resolutions of the Committee) are to be circulated to the Board. The report should include but is not limited to:
- (a) the minutes of the Committee and any formal resolutions;
 - (b) information about the review process undertaken by the Committee;
 - (c) an assessment of:
 - (1) Management remuneration and incentive plans;
 - (2) remuneration packages for Management;
 - (3) non-executive Director remuneration;
 - (4) the Company's recruitment and retention and termination policies and procedures for Management;
 - (5) incentive plans (equity and cash based);
 - (6) superannuation arrangements; and
 - (7) remuneration of members of other Committees of the Board;
 - (d) recommendations for setting remuneration levels for Directors, Management and Committees;
 - (e) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval or action;
 - (f) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter; and
 - (g) providing details of the Company's policies and practices for the deferral of performance based remuneration and the reduction, cancellation or claw back of performance based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.
- 6.3 In addition, the Committee Chairperson must submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year including:
- (a) a summary of the Committee's main authority, responsibilities and duties;
 - (b) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
 - (c) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member; and
 - (d) details of any change to the independent status of each member during the relevant period, if applicable.

7. Meetings

- 7.1 There is no requirement that the Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- 7.2 In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.
- 7.3 The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

8. Attendance at meetings

- 8.1 Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

9. Access

- 9.1 The Committee will have access to employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees will be instructed by the Board to co-operate fully in provision of such information. The Committee will have the ability to interview Management where considered necessary or appropriate.
- 9.2 The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

10. General Matters

- 10.1 Committee members are appointed by the Board.
- 10.2 The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointment for so long as they remain Directors. The effect of ceasing to be a Director is the automatic termination of that individual's appointment as a member of each Committee.
- 10.3 Membership of each Committee should be confirmed annually by the Board at the Board's first meeting following its annual shareholder meeting.
- 10.4 The Committee Chairperson is selected by the Board.
- 10.5 Should the Committee Chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be Committee Chairperson for that particular meeting.
- 10.6 The Committee Chairperson will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:
- (a) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
 - (b) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.
- 10.7 A quorum will consist of two members.
- 10.8 Meetings may be held in any location and may be held by means of teleconference or videoconference.

- 10.9 A member of each Committee is entitled to receive remuneration as determined from time to time by the Remuneration Committee.
- 10.10 The Charter is to be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- 10.11 Significant changes to the Charter must be recommended by the Committee and approved by the Board.
- 10.12 The duties and responsibilities of a member of the Committee are in addition to those duties set out for a Director of the Board.
- 10.13 To the extent of any inconsistency between this Charter and any applicable laws that apply to the Company, such applicable laws shall prevail.

Schedule “F” Trading Policy

Trading Policy

1. Purpose of this policy

- 1.1 This trading policy (**Policy**) is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.
- 1.2 The Policy sets out the procedure for trading in Securities of the Company and aims to provide Directors and Employees and any other persons who may be associated with the Company, with guidance on how and when trades in the Company’s Securities may take place and when trading of the Company’s Securities is strictly prohibited.
- 1.3 For the avoidance of doubt, nothing in this Policy sanctions a breach of the market misconduct or insider trading provisions of the Corporations Act and Securities Law. A person who possesses Inside Information about an entity’s securities is prohibited from trading in those securities under the insider trading provisions of the Securities Law. In the event of a conflict between this Policy and Securities Law, the Securities Law shall prevail.
- 1.4 References to the Company in this Policy are references to the Company and its subsidiaries.
- 1.5 Defined terms are set out in clause 0 of this Policy.

2. Who this policy applies to

This policy applies to Restricted Persons.

3. Dealing by Restricted Persons

- 3.1 A Restricted Person must not Deal in any Securities of the Company unless:
a clearance to Deal is obtained in accordance with clause 0 of this Policy; or
the Dealing is an Excluded Dealing.
- 3.2 Notwithstanding that a clearance to Deal may be granted by the Company (even in exceptional circumstances) or that a Dealing may be an Excluded Dealing, a Restricted Person must not Deal in Company Securities where clauses 0 (Inside Information), 0 (short-term selling), 0 (short selling) and 0 (hedging transactions) of this Policy are applicable.
- 3.3 For the avoidance of doubt, nothing in this Policy overrides or limits the application of any applicable Securities Law and the restrictions set out in clause 0 apply in addition to any applicable Securities Law.

4. Clearance to Deal

- 4.1 All Restricted Persons (except those who are Directors, the Chief Executive Officer or the Company Secretary) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Company Secretary and a Director designated by the Board for this purpose and receiving clearance to Deal from the designated Director or the Company Secretary.
- 4.2 A Director (other than the Chairperson or a Managing Director) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson (or a Director designated by the Board for this purpose) and the Company Secretary and receiving clearance to Deal from the Chairperson (or the designated Director) (or the Company Secretary on their behalf).
- 4.3 The Chairperson must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Managing Director (or Chief Executive Officer) and the Company Secretary and receiving

clearance to Deal from the Managing Director (or Chief Executive Officer) (or the Company Secretary on their behalf) or, if the Managing Director (or Chief Executive Officer) is not readily available, without first notifying a senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Managing Director (or Chief Executive Officer), and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).

- 4.4 The Managing Director (or Chief Executive Officer) must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and the Company Secretary and receiving clearance to Deal from the Chairperson (or the Company Secretary on their behalf) or, if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer (or the Company Secretary on their behalf).
- 4.5 If the role of Chairperson and Managing Director (or Chief Executive Officer) are combined, that person must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Board and the Company Secretary and receiving clearance to Deal from the Board (or the Company Secretary on its behalf).
- 4.6 The Company Secretary must not Deal in any Securities of the Company (unless the Dealing is an Excluded Dealing) without first notifying the Chairperson and receiving clearance to Deal from the Chairperson (or another officer of the Company nominated for that purpose by the Chairperson) or if the Chairperson is not readily available, without first notifying the senior independent Director, a committee of the Board established for that purpose or another officer of the Company nominated for that purpose by the Chairperson, and receiving clearance to Deal from that Director, committee or officer.
- 4.7 The Company reserves the right of a Clearance Officer to:

give or refuse a request for a clearance to Deal at its sole discretion and without giving any reasons; or

withdraw a clearance to Deal if there is a change in circumstances or new information becomes available.
- 4.8 A response to a request for a clearance to Deal must be given to the relevant Restricted Person within two Business Days of the request being made.
- 4.9 The Company must maintain a record of the response to a request for a clearance to Deal made by a Restricted Person and of any clearance given. A copy of the response and clearance (if any) must be given to the Restricted Person concerned.
- 4.10 A Restricted Person who is given a clearance to Deal in accordance with this clause 0 must deal as soon as possible in any event within five Business Days of clearance being received by the Restricted Person.
- 4.11 The grant of a clearance to Deal by the Company is not an endorsement of the Dealing by the Company. The person seeking the clearance to Deal is solely responsible for the investment decision to Deal in Securities in the Company and compliance with insider trading law.
- 4.12 The grant of a clearance to Deal by the Company does not relieve a Restricted Person from their legal obligations under the insider trading provisions of any applicable Securities Law. The person granted the clearance to Deal should carefully consider whether or not they are in possession of Inside Information that might preclude them from trading in those Securities and if they are in possession of Inside Information (including if they come into possession of Inside Information after obtaining a clearance to Deal), then they must not trade despite having received the clearance.
- 4.13 Before a Restricted Person Deals in the Company's Securities (even if it is an Excluded Dealing), they should consider carefully whether they are in possession of any Inside Information that might preclude them from trading at that time and, if in any doubt, they should not trade.
- 4.14 A refusal by a Clearance Officer to give a clearance to Deal is final and binding on the person seeking the clearance.

- 4.15 Where the Company refuses to give a clearance to Deal, this information is confidential between the Company and the person seeking the clearance and must not be disclosed to any other person.

5. Circumstances for refusal

A Restricted Person must not be given clearance to Deal in any Securities of the Company during a Prohibited Period unless an exceptional circumstance arises in accordance with clause 0 of this Policy.

6. Dealing in exceptional circumstances

- 6.1 A Restricted Person, who is not in possession of Inside Information in relation to the Company, may be given clearance to Deal during a Prohibited Period if that person is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities of the Company when that person would otherwise be prohibited by this Policy from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Clearance Officer designated by the Board for this purpose under clause 0.
- 6.2 A person may be in severe financial difficulty if that person has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities of the Company. A liability of a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities of the Company or there is some other overriding legal requirement to do so.

7. Prohibition on Insider Trading

No Restricted Person may Deal in Company Securities at any time (including a Prohibited Period), if that person is in possession of Inside Information.

8. Communicating Inside Information

A Restricted Person in possession of Inside Information must not, directly or indirectly, communicate the Inside Information, or cause the Inside Information to be communicated, to another person if the Restricted Person knows, or ought reasonably to know, that the other person would be likely to Deal in the Company's Securities.

9. Dealing by persons and entities associated with Restricted Persons

- 9.1 A Restricted Person must take all reasonable steps to prevent an Associate, Related Person or Related Entity of the Restricted Person from Dealing in the Company's Securities during a Prohibited Period.
- 9.2 A Restricted Person must take reasonable steps to advise any Associate, Related Person or Related Entity of the Restricted Person that:
- they are a Restricted Person of the Company; and
- of the Prohibited Periods during which the Associate, Related Person or Related Entity cannot Deal in the Company's Securities.
- 9.3 A Restricted Person must immediately notify a Clearance Officer if he or she becomes aware of or suspects an Associate, Related Person or Related Entity of Dealing in the Company's Securities during a Prohibited Period.

10. Dealings in Securities of other companies

- 10.1 A Restricted Person who has Inside Information about another Third Party Listed Entity as a result of his or her position in the Company is prohibited from:
- (a) dealing in any Securities of that Third Party Listed Entity unless a clearance to Deal is obtained in accordance with clause 0 of this Policy; or

- (b) communicating the Inside Information.

Examples (without being exhaustive) of how Inside Information about a Third Party Listed Entity may be obtained are as follows:

- (a) during the course of a proposed transaction;
- (b) during the course of due diligence investigations;
- (c) Board deliberations;
- (d) negotiations; or
- (e) information provided by others during the ordinary course of business.

11. Penalties

11.1 There are penalties under the Securities Law and Corporations Act for a breach of for a breach of insider trading provisions. As at the date of adoption of this Policy, the maximum penalties under the Corporations Act are:

- (a) in the case of a natural person imprisonment of ten years or a fine the higher of:
 - 4,500 penalty units (\$810,000 as at the date of adoption of this Policy); and
 - if the Court can determine the total value of the benefits the person obtained, which are reasonably attributable to the commission of the offence - three times that total value;
- (b) in the case of a body corporate, a fine the greatest of the following:
 - 45,000 penalty units (\$8.1 million as at the date of adoption of this Policy);
 - if the Court can determine the total value of the benefits that have been obtained and are reasonably attributable to the commission of the offence - three times that total value; and
 - if the Court cannot determine the total value of those benefits - 10% of the body corporate's annual turnover during the 12 month period ending at the end of the month in which the body corporate committed, or began committing, the offence; and
- (c) unlimited civil penalties.

11.2 A breach of this Policy will also be regarded as serious misconduct which may lead to disciplinary action, up to and including dismissal.

12. Policy on Margin Loan Arrangements

A Restricted Person may enter into a margin loan or similar funding arrangement in respect of any Company Securities (**Funding Arrangements**) but must disclose the existence, nature and terms of the Funding Arrangements to a Clearance Officer who will notify the Board.

13. Policy on Short-term trading

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short-term trading of Securities in the Company, being instances where trading in and out of Securities occurs within a period of less than three months.

14. Policy on Short Selling

A Restricted Person must not Deal in any Securities of the Company where the Dealing involves the short selling of Securities in the Company.

15. Hedging Transactions

The Corporations Act prohibits Key Management Personnel and a closely related party of Key Management Personnel from entering into an arrangement if the arrangement would have the effect of limiting the exposure of the member to risk relating to an element of the members remuneration that has not vested or has vested but remains subject to a holding lock. Key Management Personnel of the Company and their closely related parties should not Deal in Securities in the Company which may infringe this prohibition under the Corporations Act nor should any other Restricted Person enter into hedging transactions to limit his or her exposure in respect of any unvested entitlement to Securities he or she receives under any equity based remuneration scheme of the Company.

16. What is Inside Information?

Inside Information is:

- (a) for the purposes of the Corporations Act, Information that is not Generally Available (as defined in the Corporations Act) and, if it were Generally Available, a reasonable person would expect it to have a Material Effect (as defined in the Corporations Act) on either the price or the value of the Company's Securities; and
- (b) the purposes of Securities Law (other than the Corporations Act) is either:
 - (1) a Material Change:
 - (i) a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of a security of the Company, or
 - (ii) a decision to implement a change referred to in subparagraph 0 made by the Directors; or
 - senior management of the Company who believe that confirmation of the decision by the Directors is probable,
 - or
 - (2) a Material Fact: a fact that would reasonably be expected to have a significant effect on the market price or value of the Company's Securities;

17. When is Information Generally Available?

Information is Generally Available if:

- (a) for the purposes of the Corporations Act:
 - (1) it consists of readily observable matter;
 - (2) where the Information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Securities, a reasonable period for it to be disseminated among such persons has elapsed (for example, it has been released to the market or published in an annual report or prospectus); or
 - (3) it may be deduced, inferred or concluded from the Information referred to above; and

- (b) for the purposes of Securities Law (other than the Corporations Act), it has been disclosed to the public pursuant to Securities Law.

18. What is a Material Effect?

- 18.1 Material Effect, in relation to Inside Information, is where that Information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of Securities of that nature.
- 18.2 Examples of information, that may have a Material Effect on the price or value of Securities when it becomes Generally Available, include:
- revenue;
 - profit forecasts;
 - inventory levels;
 - forecasts;
 - items of major capital expenditure;
 - borrowings;
 - liquidity and cashflow information;
 - management restructuring;
 - changes in distribution arrangements;
 - litigation;
 - impending mergers and acquisitions, reconstructions or takeovers;
 - major asset purchases or sales;
 - exploration results; or
 - new product and technology.

19. What is Dealing in Securities?

Dealing in Securities means:

- (a) applying for, acquiring or disposing of Securities;
- (b) entering into an agreement to apply for, acquire or dispose of Securities;
- (c) procuring another person to:
 - (1) apply for, acquire or dispose of Securities; or
 - (2) enter into an agreement to apply for, acquire or dispose of Securities, and
- (d) a trade which includes:

- (1) a disposition of a security for valuable consideration whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or a transfer, pledge, mortgage or other encumbrance of a security for the purpose of giving collateral for a debt;
- (2) entering into a futures contract;
- (3) entering into an option that is an exchange contract;
- (4) participation as a trader in a transaction in a security or exchange contract made on or through the facilities of an exchange or reported through the facilities of a quotation and trade reporting system;
- (5) the receipt by a registrant of an order to buy or sell a security or exchange contract;
- (6) a transfer of beneficial ownership of a security to a transferee, pledgee, mortgagee or other encumbrancer under a realization on collateral given for a debt; and
- (7) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the activities specified in paragraphs (1) to (5).

20. Definitions

In this Policy:

Associate has the same meaning as set out in the Corporations Act.

Blackout Period means:

- (a) for the calendar quarters ending 31 March and 30 September, if the Company is obliged to make quarterly reporting disclosures, the period starting ten Business Days before the planned date for release of the relevant quarterly report and ending on the later of 24 hours or the Business Day after the release of that report to the applicable market;
- (b) for the calendar quarter ending 30 June, , if the Company is obliged to make quarterly reporting disclosures, the period starting ten Business Days before the planned date for release of the June quarterly report and ending on the later of 24 hours or the Business Day after the release of 30 June quarterly report and half year financial report to applicable market;
- (c) for the calendar quarter ending 31 December, , if the Company is obliged to make quarterly reporting disclosures, the period starting ten Business Days before the planned date for release of the December quarterly report and ending on the later of 24 hours or the Business Day after the release of the quarterly report and full year financial report to the applicable market;
- (d) the period commencing from the release of information to the applicable market which a reasonable person would expect to be a Material Fact, Material Change or have a Material Effect on either the price or the value of the Company's Securities and ending 24 hours after the release of such information to the applicable market; and
- (e) any other period determined by the Directors in their absolute discretion.

Board means board of Directors.

Business Day means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane.

Corporations Act means *Corporations Act 2001* (Cth)

Dealing has the meaning set out in clause 0 of this Policy.

Director means a director of the Company.

Employee means an individual who works for the Company (or its subsidiary) under a contract of employment.

Excluded Dealings means:

- (a) dealing where the beneficial interest in the relevant Security does not change;
- (b) transfers of Securities in the Company between a Restricted Person and someone closely related to the Restricted Person (such as a spouse, minor child, family company, family trust or superannuation fund) or by a Restricted Person to their superannuation fund, in respect of which prior clearance has been provided in accordance with this Policy;
- (c) if the Restricted Person is a trustee of a trust but is not a beneficiary of the trust, trading in the Company's Securities by that trust provided any decision to trade during a Blackout Period is taken by the other trustees or investment manager independently of the Restricted Person;
- (d) the exercise of an option or right under an incentive scheme or the conversion of a convertible security, where the final date for the exercise or conversion falls during a Blackout Period and the Restricted Person could not reasonably have been expected to exercise or convert the Security at a time when it was entitled to, due to the Company having an exceptionally long Blackout Period or a number of consecutive Blackout Periods;
- (e) bona fide gifts to a Restricted Person by a third party.
- (f) a disposal of Securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (g) a disposal of rights acquired or an acquisition of Securities in the Company under a pro rata issue;
- (h) an acquisition of Securities in the Company under a security purchase plan or a dividend or distribution reinvestment plan where:
 - (1) the Restricted Person did not commence or amend their participation in the plan during a Blackout Period; and
 - (2) the Policy does not permit the Restricted Person to withdraw from the plan during a Blackout Period other than in exceptional circumstances;
- (i) the obtaining by a Director of a share qualification;
- (j) acquiring Securities in the Company under an employee incentive scheme or the cancellation or surrender of an option or other right under an employee incentive scheme;
- (k) where a Restricted Person is the trustee of an employee incentive scheme, an acquisition of Securities in the Company by the Restricted Person in his or her capacity as a trustee of the scheme;
- (l) an acquisition or disposal of Securities in the Company under a pre-determined investment or divestment plan for which prior clearance has been provided in accordance with the Policy and where:
 - (1) the Restricted Person did not enter into or amend the plan during a Prohibited Period;
 - (2) the plan does not permit the Restricted Person to exercise any discretion over how, when, or whether to acquire or dispose of Securities; and
 - (3) the Policy does not allow for the cancellation of the plan during a Blackout Period other than in exceptional circumstances;

- (m) indirect and incidental trading that occurs as a consequence of a Restricted Person dealing in Securities issued by a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio Securities in the Company; and
- (n) an involuntary disposal of Securities in the Company that results from a margin lender or financier exercising its rights under the arrangement.

Information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made to the public; and
- (b) matters relating to the intentions, or likely intentions, of a person.

Inside Information has the meaning given in clause 0 of this Policy

Key Management Personnel has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as ‘those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity’.

Material Effect has the meaning given in clause 0 of this Policy.

Procuring means to incite, induce or encourage an act or omission by another person.

Prohibited Period means:

- (a) any Blackout Period; or
- (b) any period where any matter exists which could constitute Inside Information in relation to the Company.

Restricted Person means:

- (a) any persons or entities discharging managerial responsibilities for the Company including, but not limited to:
 - (1) the Directors;
 - (2) the Company Secretary;
 - (3) Key Management Personnel;
 - (4) any Employee, contractor or consultant who provides managerial or administrative services to the Company; or
 - (5) any Employee who, depending on their individual circumstances, Managing Director (or Chief Executive Officer) specifies from time to time to be a Restricted Person;
- (b) other persons specified from time to time by the Managing Director (or Chief Executive Officer); or
- (c) any Related Person or Related Entity (or an Associate of a Related Person or Related Entity) of a person referred in paragraphs (a)(1) and (b) above.

Related Entity of a Restricted Party means an entity which:

- (a) the Restricted Person is a director or secretary of; or
- (b) the Restricted Person otherwise controls or has a position of influence.

Related Person of a Restricted Party means a parent, spouse or child of the Restricted Party.

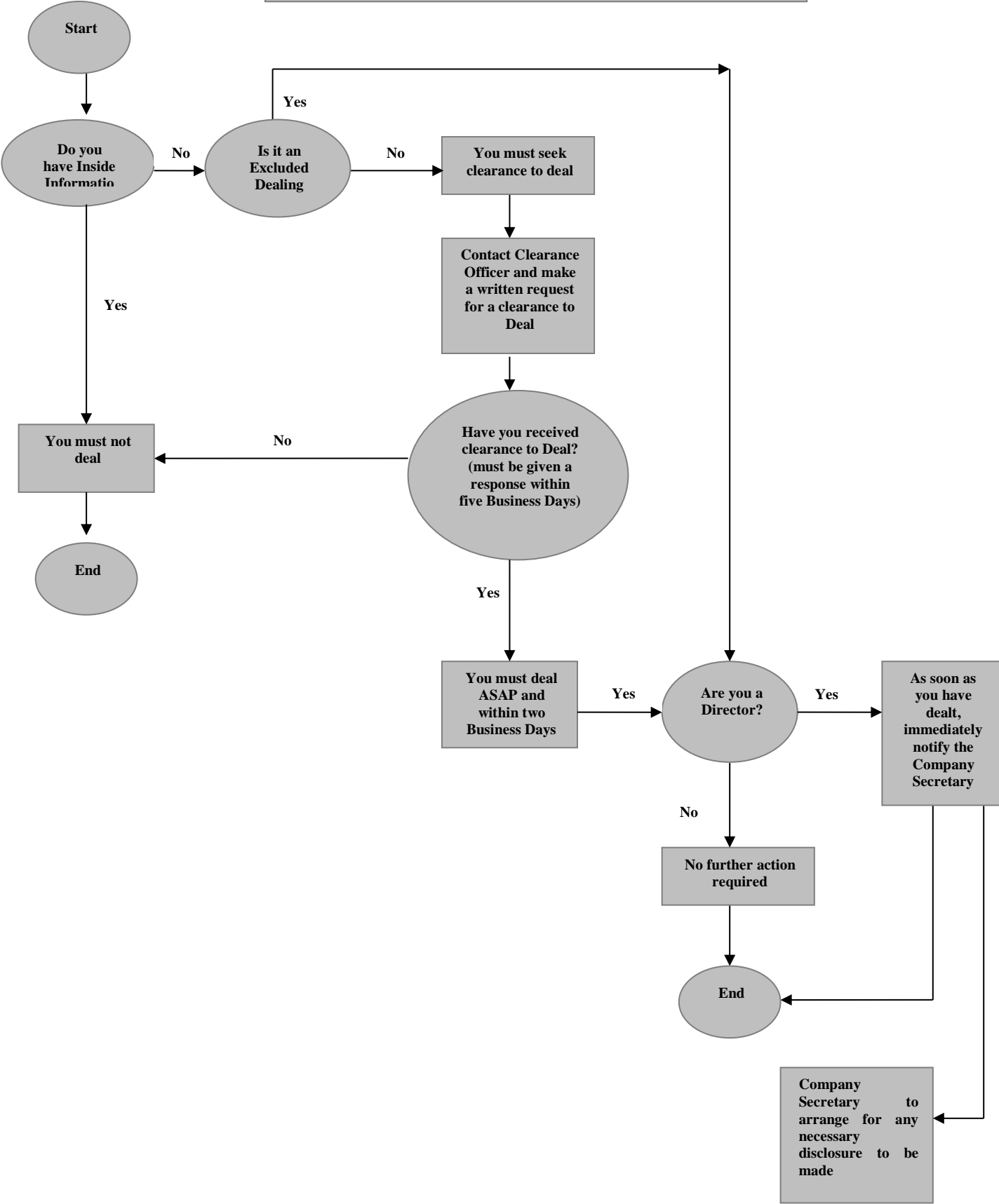
Securities means:

- (a) Ordinary Shares;
- (b) debentures;
- (c) legal or equitable interests in a security covered by paragraph (a) or paragraph (b) above;
- (d) options to acquire, by way of issue, a security covered by paragraph (a) or paragraph (b) above; and
- (e) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
 - (f) a security covered by paragraph (a) or paragraph (b) above; or
 - (g) an interest or right covered by section 764A(1)(b) or section 764A(1)(ba) of the Corporations Act.

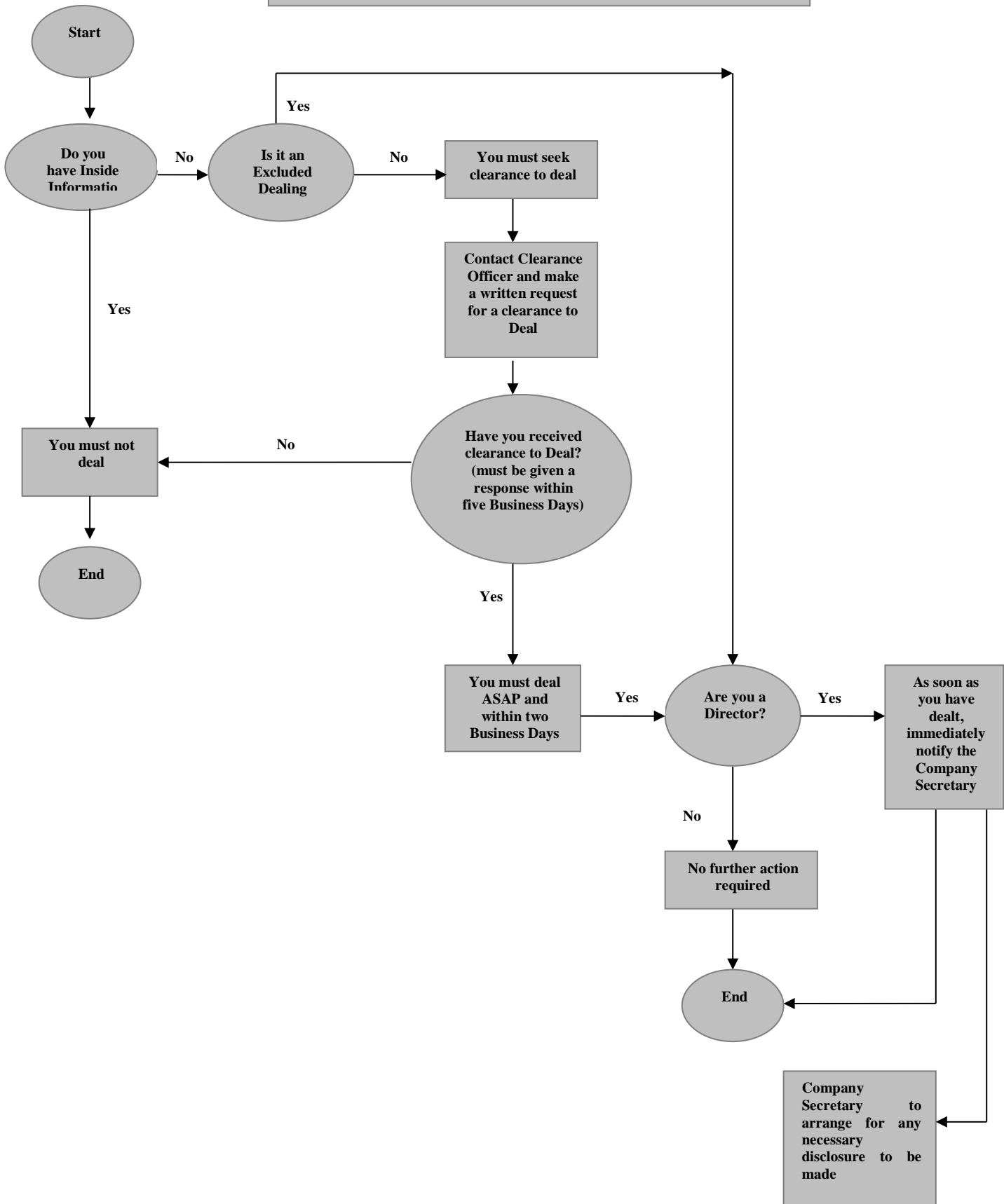
Securities Law means the securities laws of any jurisdiction governing the affairs of the Company or the Securities of the Company.

Third Party Listed Entity means any company, other than the Company, which is listed on the ASX or other recognised public exchange or otherwise has Securities which are traded in an open market.

Clearance to Deal Flowchart



Clearance to Deal Flowchart





HopgoodGanim

LAWYERS

Schedule G – Whistleblower Policy

Whistleblower Policy

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1. Purpose

The Company is committed to the highest standards of conduct and ethical behaviour in all of our business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance across the Company. As part of that commitment, the Company has established this Whistleblower Policy (**Policy**), in compliance with applicable laws and practices to encourage the reporting of Disclosable Matters.

The purpose of this Policy is to:

provide information about the protections available to Eligible Persons;

promote the responsible reporting of Disclosable Matters in connection with the business and affairs occurring within the Company;

describe the channels through which Protected Disclosures may be made;

provide for the process for investigating and dealing with Protected Disclosures and how the Company will support Eligible Persons and protect them from Detriment;

provide reasonable respect and protective assurance to those who make Protected Disclosures in accordance with this Policy; and

improve the prospect of Disclosable Matters being detected and addressed appropriately as well as the risk of recurrence mitigated.

This Policy is intended to supplement all applicable laws, rules and other corporate policies.

This Policy does not form part of any contract of employment or any industrial instrument.

2. Definitions and interpretation

2.1 Definitions

In this Policy:

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term under the Corporations Act.

Audit Committee means the audit and risk management committee of the Board from time to time.

Board means the board of Directors of the Company from time to time.

Chairman means the person appointed by the Board as chairman from time to time.

Company means SQID Technologies Limited

Company Secretary means a person appointed by the Company to be the company secretary.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means *Corporations Regulations 2001* (Cth).

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Detriment includes, without limitation, dismissal, demotion, harm or injury, alteration of an employee's position or duties to their disadvantage, harassment, discrimination or damage to a person's property, reputation or business of financial position.

Director means any person holding the position of a director of the Company and includes an alternate director and Directors means the directors for the time being of the Company or as the context permits such number of them as have authority to act for the Company.

Disclosable Matter has the meaning given to that term by clause 0 of this Policy.

Eligible Person has the meaning given to that term by clause 0 of this Policy.

Eligible Recipient has the meaning given to that term by clause 0 of this Policy.

HR means the human resources department of the Company.

Officer has the meaning given to that term by section 9 of the Corporations Act.

Personnel means Officers, Senior Managers or employees of the Company.

Personal Work-Related Grievance Disclosure means a disclosure of information where:

the information concerns a grievance about any matter in relation to the discloser's employment, or former employment, having (or tending to have) implications for the discloser personally; and

the information:

does not have significant implications for the Company to which it relates, or another regulated entity under part 9.4AAA of the Corporations Act; and

does not concern conduct, or alleged conduct, referred to in clause 1317AA(5)(c),(d),(e) or (f) of the Corporations Act.

Policy means this Whistleblower Policy.

Protected Disclosure has the meaning given to that term by clause 0 of this Policy.

Related Body Corporate has the meaning given to that term under the Corporations Act.

Report means a report of a Protected Disclosure.

Senior Manager means a person (other than an Officer of the Company) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the Company, or who has the capacity to affect significantly the Company's financial standing.

2.2 Interpretation

Unless the contrary intention appears, a reference in this Policy to:

the singular includes the plural and vice versa;

one gender includes the others;

an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to, this Policy and a reference to this Policy includes any schedule or attachment; and

headings are for ease of reference only and do not affect the meaning or interpretation of this Policy.

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3. Protected Disclosures under this Policy

3.1 Protected Disclosures

A disclosure of information qualifies for protection under this Policy if:

- the disclosure is made by an Eligible Person;
- the disclosure is made to an Eligible Recipient; and
- the Eligible Person has reasonable grounds to suspect that the information amounts to a Disclosable Matter.

Aside from making a disclosure to an Eligible Recipient under this Policy, a disclosure by an individual will qualify for protection under part 9.4AAA of the Corporations Act where it is made to:

- ASIC, APRA or a prescribed Commonwealth authority, pursuant to section 1317AA(1) of the Corporations Act; or
- a legal practitioner for the purpose of obtaining legal advice or legal representation in relation to the operation of part 9.4AAA, pursuant to section 1317AA(3) of the Corporations Act.

3.2 Eligible Persons

An individual is an Eligible Person for the purposes of this Policy if the individual is, or has been, any of the following:

- an Officer of the Company;
- an employee of the Company;
- an individual who supplies services or goods to the Company;
- an employee of a person that supplies goods or services to the Company (whether paid or unpaid);
- an individual who is an Associate of the Company;
- a relative of an individual referred to in any of paragraphs 0 to 0 above;
- a dependant of an individual referred to in any of paragraphs 0 to 0 above, or of such an individual's spouse; and
- an individual prescribed by the Corporations Regulations in relation to Company.

3.3 Disclosable Matter

A Disclosable Matter is information that concerns misconduct or an improper state of affairs or circumstances relating to the Company or a Related Body Corporate of the Company.

Without limitation, this includes information which indicates that the Company, an Officer or employee of the Company, a Related Body Corporate of the Company or an Officer or employee of that Related Body Corporate has engaged in conduct that:

- constitutes an offence against, or a contravention of, a provision of any of the following:
 - the Corporations Act;
 - the *Australian Securities and Investments Commission Act 2001* (Cth);
 - the *Banking Act 1959* (Cth);

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the *Financial Sector (Collection of Data) Act 2001* (Cth);

the *Insurance Act 1973* (Cth);

the *Life Insurance Act 1995* (Cth);

the *National Consumer Credit Protection Act 2009* (Cth);

the *Superannuation Industry (Supervision) Act 1993* (Cth);

an instrument made under an Act referred to above;

constitutes an offence against any other law of the Commonwealth that is punishable by imprisonment for a period of 12 months or more; or

represents a danger to the public or the financial system; or

is prescribed by the Corporations Regulations for the purposes of section 1317AA(5).

By way of further example, information regarding conduct that is:

criminal (including but not limited to theft, drug sale or use, violence or threatened violence and criminal damage against property);

a breach of a regulatory or contractual obligation or requirement;

dishonest, fraudulent or corrupt (including bribery and other improper payments or inducements);

a serious risk to health of an individual or the general public;

a serious risk to the environment;

a breach of the Code of Conduct;

a breach of any Company policy or procedure; and

intended to conceal any of the above or records or other evidence related to any of the above,

may amount to a Disclosable Matter.

3.4 What this Policy will not address

This Policy is intended to complement (not replace) the Company's usual reporting avenues for raising issues of concern (for example, by talking to the relevant manager).

This Policy is primarily concerned with issues that may affect the wellbeing and best interests of the Company and Eligible Persons.

This Policy does not apply to Personal Work-Related Grievance Disclosures that do not concern a contravention, or alleged contravention of section 1317AC of the Corporations Act that involves Detriment caused to the discloser or a threat made to the discloser.

Any complaints of injustice in the assessment of an employee's performance, or discrimination, will be dealt with under the appropriate Company policy. If employees need clarification about whether a complaint should be addressed under this Policy or not, they should contact the external HR advisor to the company.

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4. Making a Report

4.1 Before making a Report

Employees of the Company who become aware of, or suspect on reasonable grounds, potential cases of Disclosable Matters are encouraged to discuss the matter with HR or their manager. If this does not result in a satisfactory outcome or is not possible, the employee can make a Report under this Policy.

In making a Report, an Eligible Person must have reasonable grounds to suspect that their disclosure concerns a Disclosable Matter. An Eligible Person should expressly refer to this Policy when making a Report.

4.2 How to make a Report

Eligible Persons should make a Report to an Eligible Recipient.

Each of the following is an Eligible Recipient in relation to the Company:

- an Officer or Senior Manager of the Company or a Related Body Corporate;
- an auditor, or a member of an audit team conducting an audit, of the Company or a Related Body Corporate;
- an actuary of the Company or a Related Body Corporate;
- a person authorised by the Company to receive Reports under this Policy. For this purpose, the Company authorises the persons listed in 0.

If you are an employee of the Company, your supervisor or manager is eligible to receive Protected Disclosures.

If any person is in doubt as to who is an Eligible Recipient, the Report may be made to the Company Secretary.

Contact details for certain Eligible Recipients.

The Company may from time to time appoint additional Eligible Recipients within the Company and may engage an external whistleblowing service to receive Reports. The Company will communicate the identity and contact details of Eligible Recipients and details of any external whistleblowing service (as available) to Officers and employees of the Company by updating 0 of this Policy.

Although Eligible Persons who make a Report are encouraged to identify themselves, a Report can be made anonymously, in which case an Eligible Person should not provide details of their identity.

Any Report made will be treated in accordance with this Policy including, without limitation, clause 5 (Confidentiality).

5. Confidentiality

The Company recognises that Eligible Persons may not feel comfortable identifying themselves when making a Report under this Policy. An Eligible Person may choose to remain anonymous or place restrictions on who is informed about their Report.

The Company will keep the identity of an Eligible Person who has made a Report under this Policy confidential and not disclose the Eligible Person's identity, or information that is likely to lead to the identification of the Eligible Person, to a third party, except where:

- the Eligible Person consents to the disclosure;
 - the disclosure is made to ASIC, APRA, a member of the Australian Federal Police, the Commissioner of Taxation (if tax-related) or a person or body prescribed by the Corporations Regulations for the purposes of section 1317AAE(2) of the Corporations Act; or
-

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the disclosure is made to a Commonwealth authority, or a State or Territory authority, for the purpose of assisting the authority in the performance of its functions or duties;

the disclosure is made to a legal practitioner for the purposes of the Company obtaining legal advice or representation in accordance with the Corporations Act;

a court or tribunal thinks it is necessary in the interests of justice; or

where the disclosure is otherwise required or permitted by law.

Unauthorised disclosure of:

an Eligible Person's identity; or

information that is likely to lead to the identification of that person,

shall be a breach of this Policy.

The Company may take disciplinary action against any employee who makes an unauthorised disclosure under this Policy.

Pursuant to section 1317AAE(4) of the Corporations Act, the Company (or another person) will not contravene the obligation of confidentiality under the Corporations Act (and as set out in this clause 5) in respect of a disclosure of information regarding a Report (**Qualifying Disclosure**) where:

the Qualifying Disclosure:

is not of the identity of the Eligible Person; and

is reasonably necessary for the purposes of investigating Disclosable Matter to which the Qualifying Disclosure relates; and

the Company (or the relevant person making the disclosure) takes all reasonable steps to reduce the risk that the Eligible Person will be identified as a result of the Qualifying Disclosure.

6. Protections and support

6.1 Protections available under the Corporations Act

The following protections are available under the Corporations Act to Eligible Persons who make a Protected Disclosure:

the Eligible Person is not subject to any civil, criminal or administrative liability (including disciplinary action) for making the Protected Disclosure;

no contractual or other remedy may be enforced, and no contractual or other right may be exercised, against the Eligible Person on the basis of the Protected Disclosure;

if the Protected Disclosure qualifies for protection under subsection 1317AA(1) (disclosure to ASIC, APRA or prescribed body) or section 1317AAD (public interest disclosure and emergency disclosure) of part 9.4AAA of the Corporations Act, the information is not admissible in evidence against the person in criminal proceedings for the imposition of a penalty, other than proceedings in respect of the falsity of the information;

anyone who causes or threatens to cause Detriment to an Eligible Person or another person in the belief or suspicion that a Protected Disclosure has been made, or may have been made, proposes to or could be made, may be guilty of an offence and may be liable for damages;

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an Eligible Person's identity cannot be disclosed to a court or tribunal except where considered necessary;
and

a person receiving a disclosure commits an offence if they disclose the substance of the disclosure or the Eligible Person's identity otherwise than in the circumstances set out in clause 0 of this Policy.

An Eligible Person will also receive the benefit of the protections under part 9.4AAA of the Corporations Act where they make a disclosure to:

ASIC, APRA or a prescribed Commonwealth authority as contemplated by section 1317AA(1) of the Corporations Act; or

or a legal practitioner for the purpose of seeking legal advice or representation in relation to the operation of part 9.4AAA as contemplated by section 1317AA(3) of the Corporations Act.

6.2 Protection and support against victimisation

The Company will not tolerate any form of conduct that causes Detriment or constitutes the making of a threat to cause any such Detriment to an Eligible Person who has made a Report or to a person who is subjected to such conduct because of the belief or suspicion that they have made a Report.

The Company will take all reasonable steps to protect Eligible Persons from Detriment because they have made, are proposing to make or able to make a Report under this Policy.

Personnel found to have caused or threatened to cause Detriment to an Eligible Person may be subject to disciplinary action including, in serious cases, dismissal.

If an Eligible Person believes they have suffered Detriment as a result of making a Report under this Policy, or a belief or suspicion that they have made a Report under this Policy, the Eligible Person should:

inform their supervisor or manager as soon as possible; or

if the action in paragraph 0 above is not appropriate, or the Eligible Person feels the situation is not remedied, raise the matter with the Eligible Recipient to whom the Report was made (if applicable).

7. Investigation of Reports

All Reports will be taken seriously and will be investigated as soon as practicable after they are received.

The investigation will be conducted in an objective and fair manner, and otherwise as is reasonable and appropriate having regard to the nature of the Disclosable Matter and the circumstances.

The Company may appoint a person to assist in the investigation of a Report. Where appropriate, the Company will provide feedback to the Eligible Person regarding the progress and outcome of the investigation (subject to considerations of the privacy of those against whom allegations are made).

The steps the Company will follow when investigating Reports are set out in 0.

All files and records created from an investigation will be retained securely.

8. Fair treatment

Where investigations or other enquiries do not substantiate a Protected Disclosure:

the fact the enquiry has been carried out;

the results of the enquiry; and

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the identity of any person the subject of the disclosure,

will remain confidential, unless the subject of the Protected Disclosure requests otherwise.

Subject to compliance with any legal requirements, an employee who is the subject of a Protected Disclosure has the right to:

be informed as to the substance of the allegations;

be given a reasonable opportunity to put their case (either orally or in writing) to the Company; and

be informed of the findings in respect of the Protected Disclosure.

9. Reporting

A final report will record findings of the investigation and other action taken in respect of a Report.

A final report relating to the Board will be provided to the Chairman or to the chairman of the Audit Committee, as appropriate.

Final reports relating to executive leaders and internal audit team members will be provided to the chairman of the Audit Committee. Updates and final reports relating to all other matters will be provided to the Audit Committee unless the Chairman of the Board or the chairman of the Audit Committee direct otherwise.

Reasonable efforts will then be made to communicate the conclusion and findings of the investigation and any other action taken in respect of a Report to the Eligible Person.

10. Access to Policy, training and awareness

10.1 How Policy will be made available

The Company will make this Policy available to Personnel by:

publishing the Policy on the Company intranet;

publishing the Policy on the Company's website.

Personnel may also request a copy of this Policy from HR or their manager.

10.2 Training and awareness

The Company will provide or arrange for the provision of relevant training:

to Personnel, to ensure they understand the requirements of this Policy and their rights and obligations in connection with this Policy; and

to Officers and Senior Managers of the Company, to ensure they understand how to properly respond to Reports received under this Policy.

This Policy will be given to all employees on commencement of their employment with the Company.

11. Policy management

11.1 Policy review

The Board has ultimate responsibility for the protection of Eligible Persons.

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The Board is the governing body to which all Reports and investigations are provided, and where the ultimate decision-making power in respect of the reports and investigations resides.

Approval of this Policy is vested with the Board.

Reviews of this Policy are the responsibility of the Board, and will be conducted annually. This is to ensure that the Policy remains consistent with the Corporations Act and all other relevant legislative and regulatory requirements, as well as the changing nature of the Company.

11.2 Policy revision and distribution

Version	
Date approved	
Author	
Description of revision	
Internal distribution	
Date	
Recipient/s	

11.3 Policy history

Policy owner	SQID Technologies Limited
Policy author	
Version	
Status	
Effective Date	
Review Period	
Next Review date	
Document Location	

11.4 Policy approval

Business unit or department	Title	Date
 Signature/...../20.....

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- Contact details for Eligible Recipients

Contact details for Eligible Recipients within the Company.

Eligible Recipient	Contact details
CEO	peter.hall@sqidpayments.com.au and mobile 0402441610 By post to P.O. Box 1289 Aspley 4034 Queensland, addressed to the CEO, SQID Technologies Ltd and marked Confidential.
Company Secretary	lee.horobin@sqidpayments.com.au By post to P.O. Box 1289, Aspley 4034 Queensland, addressed to the Company Secretary, SQID Technologies Ltd and marked Confidential.
A Director or the Board of Directors	By post to Andrew Sterling, addressed to the specific Director or the Chairman of the Board of Directors, SQID Technologies Ltd The Board of Directors are identified on Company's website at the following address: https://sqidpayments.com.au

Contact details for external whistleblowing service.

Method	Contact details
Online	Policy to be updated when external service is available.
Call	Policy to be updated when external service is available.
Email	Policy to be updated when external service is available.
Mail	Policy to be updated when external service is available.
FAQ's	Policy to be updated when external service is available.

- Investigation process

Policy to be updated when external advice is available.

CERTIFICATES

Date: December 18, 2019

CERTIFICATE OF THE COMPANY

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the province of British Columbia.

“Peter Hall”

“Lee Horobin”

Peter Hall
Chief Executive Officer

Lee Horobin
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Andrew Sterling”

“John O’Connor”

Andrew Sterling
Director

John O’Connor
Director

CERTIFICATE OF THE PROMOTERS

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of the province of British Columbia.

“Peter Hall”

Peter Hall

First Growth Funds Limited
Per:

“Anoosh Manzoori”

Anoosh Manzoori
Executive Chairman

“Athan Lekkas”

Athan Lekkas
Director
