

**SQID TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 44 121 655 472

**FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2020**

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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 31 March 2020.

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. Resigned 21st February 2020

John O'Connor appointed 18th July 2019

Michael Clarke appointed 6th August 2019

Athan Lekkas appointed 20th February 2020

The directors have been in office since the start of the three-month period and up 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 \$216,795 (2018: \$193,334).

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

- The group's holding company SQID Technologies Limited, listed on the Canadian Stock Exchange on January 21 2020.
- Athan Lekkas was appointed as CEO on March 23 2020.
- John O'Connor has a six-month consulting contract to the board spanning February – July 2020 for \$60,000, to provide advisory services around KPIs, revenue targets, financial analysis, technology and staffing.

Subsequent events

- The group changed its registered office and principal place of business on April 3 2020 to: Level 14, 440 Collins Street, Melbourne Victoria 3000 Australia.
- Mark Pryn was appointed as joint Company Secretary on April 8 2020.
- The group is moving its investment in residential mortgage securities to lower-risk term deposits during April and May 2020 in light of the current economic environment.
- On April 23, 2020, the Company announced that it signed an agreement with a new payment channel partner, being First Data Merchant Solutions Australia Pty Ltd which is part of the "Fiserv" global operations("FISERV"). None of the Fiserv global entities are related parties. This announcement follows on from the Company's announcement on January 21, 2020, that Westpac Banking Corporation had made a commercial decision to no longer provide its merchant services.
- The group's revenue has been impacted by COVID-19 during April and May 2020 to a point above break-even but it is well placed to absorb any long-term effect. As at the date of this report, revenue has not deteriorated enough for the group to be eligible for the Australian Government's JobKeeper program, and the group has sufficient cash reserves to cover any prolonged period of lower revenue.

Likely developments

There are no likely developments to disclose.

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 period.

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 January 2020 is provided below, together with details of company secretaries as at the period 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 31 March 2020. |
| 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 21 February 2020. |
| John O'Connor | <ul style="list-style-type: none">• Over 35 years of professional management and business experience, across diverse industries, including private, ASX listed and multinationals.• Extensive company director experience for over 20 years.• Member of Audit & Remuneration Committees. |
| Michael Clarke | <ul style="list-style-type: none">• Over 18 years of experience in the IT industry, company director across both private and public companies including with ASX listed companies.• During the three years prior to 31 March 2020, a Director of First Growth Funds Limited.• Member of Audit & Remuneration Committees. |

Information on directors and company secretary (Cont'd)

- | | |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Athan Lekkas | <ul style="list-style-type: none"> • Many years of investment banking experience and has advised on numerous cross border transactions including capital raisings, funding and structuring of acquisitions, joint ventures overseas and participated in a broad range of business and corporate advisory transactions. • During the three years prior to 31 March 2020, a Director of First Growth Funds Limited. |
| Lee Horobin –
Company Secretary
B.Bus (Acc), B.Bus (Acc) (Hons), MBA, CPA, GAICD, ACIS | <ul style="list-style-type: none"> • Over 20 years of experience in finance and governance roles across varied industries and organisation types. |
| Mark Pryn –
Company Secretary
B.Eco (Acc), CAANZ, GAICD, ACIS | <ul style="list-style-type: none"> • Over 25 years' corporate experience in senior finance and governance roles, including over 10 years as Company Secretary for entities listed on the Australian Stock Exchange. |

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the period 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	5	5		
Peter Hall	3	3		
John O'Connor	5	5		
Michael Clarke	5	5		
Athan Lekkas	2	2		

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

For the current financial year, the group has paid premium amounted to \$57,450 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).



Athan Lekkas - Chair

Melbourne

Date: May 19, 2020

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.

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020 WITH COMPARATIVE FIGURES
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

	Notes	31 March 2020	31 March 2018
		\$	\$
Revenue and other income			
Revenue from contracts with customers		2,069,179	1,474,540
Interest income		23,517	15,306
		2,092,696	1,489,846
Less: Expenses			
Direct transaction costs		1,254,666	879,722
Employee benefits expense	16	120,898	45,266
Depreciation and amortisation	9, 10	19,062	19,283
Consultancy fees	16	150,240	98,881
Director fees		33,333	20,000
Professional fees		129,013	11,609
Listing expenses	16	11,765	39,282
IT & hosting costs		19,621	15,073
Other expenses	16	55,070	70,126
		1,793,668	1,199,242
Profit before income tax expense		299,028	290,604
Income tax expense	4	82,233	97,270
Profit for the year		216,795	193,334
Other comprehensive income		-	-
Total comprehensive income for the year		216,795	193,334
Basic earnings per share	15	0.03	0.03
Diluted earnings per share	15	0.03	0.03

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2020	31 December 2019
		\$	\$
Current assets			
Cash and cash equivalents	5	1,104,925	1,166,321
Merchant Float	7	492,220	512,392
Receivables	6	20,535	186,741
Other financial assets	8	2,439,329	1,924,659
Prepayments		46,081	5,987
Total current assets		4,103,090	3,796,100
Non-current assets			
Property, plant and equipment	9	821	1,099
Intangible assets	10	162,498	175,318
Other assets – security bond		236,917	236,874
Deferred tax assets	4	501,592	583,825
Total non-current assets		901,828	997,116
Total assets		5,004,918	4,793,216
Current liabilities			
Payables	11	1,019,106	1,054,310
Other liabilities	12	637,094	636,751
Provisions		55,901	42,558
Total current liabilities		1,712,101	1,733,619
Total liabilities		1,712,101	1,733,619
Net assets		3,292,817	3,059,597
Equity			
Share capital	13	6,838,595	6,822,170
Retained earnings / (accumulated losses)		(3,545,778)	(3,762,573)
Total equity		3,292,817	3,059,597

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 31 MARCH 2020

	Share capital \$	Accumulated losses \$	Total equity \$
Balance as at 1 October 2019	6,544,627	(3,902,372)	2,642,255
Share buyback	(15,341)	-	(15,341)
Share issue	292,884	-	292,884
Profit for the three-month period ended December 31, 2019	-	139,799	139,799
Balance as at 31 December 2019	6,822,170	(3,762,573)	3,059,597
Balance as at 1 January 2020	6,822,170	(3,762,573)	3,059,597
Share issue	16,425	-	16,425
Profit for the three-month period ended March 31, 2020	-	216,795	216,795
Balance as at 31 March 2020	6,838,595	(3,545,778)	3,292,817

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 31 MARCH 2020

	Notes	31 March 2020 \$	31 March 2019 \$
Cash flow from operating activities			
Receipts from customers		2,340,888	1,637,489
Payments to suppliers and employees		(1,919,837)	(995,845)
Interest received		23,517	15,306
Net cash provided by operating activities	14(a)	444,568	656,950
Cash flow used in investing activities			
Payment for plant and equipment		(5,964)	(5,139)
Payment for investments		(500,000)	-
Payment for software asset		-	(23,019)
Net cash used in investing activities		(505,964)	(28,158)
Net increase / (decrease) in cash and cash equivalents		(61,396)	628,792
Cash and cash equivalents at beginning of the three-month period	14(b)	1,166,321	358,072
Cash and cash equivalents at end of the three-month period	5	1,104,925	986,864

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 31 MARCH 2020**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 six months ended December 31, 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 Level 14, 440 Collins Street, Melbourne VIC 3000. 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 19 2020, 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 six months ended December 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 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:

	31 March 2020	31 December 2019
	\$	\$
Financial assets		
<u>Amortised cost:</u>		
- Cash and cash equivalents (note 5)	1,104,925	1,166,321
- Merchant float (note 7)	492,220	512,392
- Receivables (note 6)	20,535	186,741
- Other financial assets (note 8)	2,439,329	1,924,659
	4,057,009	3,790,113
Financial liabilities		
<u>Amortised cost:</u>		
- Payables (note 11)	1,019,106	1,054,310
- Other liabilities (note 12)	637,094	636,751
	1,656,200	1,691,061

(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.

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(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
31 March 2020	\$	\$	\$	%	
<i>(i) Financial assets</i>					
Cash	1,104,925	-	1,104,925	0.2%	Variable
Merchant Float	-	492,220	492,220	0.0%	n/a
Receivables	-	20,535	20,535	0.0%	n/a
Other financial assets	2,439,329	-	2,439,329	4.0%	Variable
Total financial assets	3,544,254	512,755	4,057,009	2.4%	
<i>(ii) Financial liabilities</i>					
Payables	-	1,019,106	1,019,106	n/a	n/a
Other liabilities	-	637,094	637,094	n/a	n/a
Total financial liabilities	-	1,656,200	1,656,200	n/a	
31 December 2019					
<i>(i) Financial assets</i>					
Cash	1,166,321	-	1,166,321	0.2%	Variable
Merchant Float	-	512,392	512,392	0.0%	n/a
Receivables	-	186,741	186,741	0.0%	n/a
Other financial assets	1,924,659	-	1,924,659	3.9%	Variable
Total financial assets	3,090,980	699,133	3,790,113	2.4%	
<i>(ii) Financial liabilities</i>					
Payables	-	1,054,310	1,054,310	n/a	n/a
Other liabilities	-	636,751	636,751	n/a	n/a
Total financial liabilities	-	1,691,061	1,691,061	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:

	2020	2019
+/- 1 basis point	\$	\$
Impact on profit after tax	70	54
Impact on equity	70	54

(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
	\$	\$	\$	\$	\$
31 March 2020					
Payables	1,019,106	-	-	1,019,106	1,019,106
Other liabilities	-	637,094	-	637,094	637,094
	<u>1,019,106</u>	<u>637,094</u>	<u>-</u>	<u>1,656,200</u>	<u>1,656,200</u>
31 December 2019					
Payables	1,054,310	-	-	1,054,310	1,054,310
Other liabilities	-	636,751	-	636,751	636,751
	<u>1,054,310</u>	<u>636,751</u>	<u>-</u>	<u>1,691,061</u>	<u>1,691,061</u>

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NOTE 4: INCOME TAX	31 March 2020	31 December 2019
	\$	\$
<i>(a) Components of tax expense:</i>		
Deferred tax	82,233	97,270
	82,233	97,270
<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	82,233	97,270
Less tax effect of:		
- Non-deductible expenses	-	-
	82,233	97,270
<i>(c) Deferred tax</i>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	493,870	512,263
Listing costs	3,235	51,081
Accrued expenses	1,786	10,424
Employee benefits	15,373	11,703
	514,264	585,471
<i>Deferred tax liabilities</i>		
The balance comprises:		
Prepayments	12,672	1,646
	12,672	1,646
<i>Net deferred tax assets</i>	501,592	583,825

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	1,104,925	1,166,321
	1,104,925	1,166,321

NOTE 6: RECEIVABLES

CURRENT		
Receivables	20,535	186,741
	20,535	186,741

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.

**31 March 2020 31 December
2019**

NOTE 7: MERCHANT FLOAT

CURRENT		
Merchant float	492,220	512,392
	492,220	512,392
	492,220	512,392

NOTE 8: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at amortised cost:

- Units in residential mortgage fund ⁽¹⁾	2,439,329	1,924,659
	2,439,329	1,924,659
	2,439,329	1,924,659

⁽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 9: PROPERTY PLANT AND EQUIPMENT

Plant & equipment

At cost	17,134	11,170
Accumulated depreciation	(16,313)	(10,071)
	821	1,099
	821	1,099

Reconciliation

Carrying amount at beginning of period	1,099	1,654
Additions	5,964	5,139
Depreciation expense	(6,242)	(5,694)
Carrying amount end of period	821	1,099
	821	1,099

NOTE 10: INTANGIBLE ASSETS

Patents

At cost	153,393	153,393
Accumulated impairment loss	(96,429)	(94,427)
	56,964	58,866
	56,964	58,866

Reconciliation

Carrying amount at beginning of period	58,866	60,768
Amortisation	(1,902)	(1,902)
Carrying amount end of period	56,964	58,866
	56,964	58,866

Capitalised Software Development

At cost	233,733	233,733
Accumulated impairment loss	(128,199)	(117,281)
	105,534	116,452
	105,534	116,452

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NOTE 10: INTANGIBLE ASSETS (Cont'd)	31 March 2020	31 December 2019
<i>Reconciliation</i>		
Carrying amount at beginning of period	116,452	128,139
Amortisation	(10,918)	(11,687)
Carrying amount end of period	105,534	116,452
Total intangible assets	162,498	175,318

NOTE 11: PAYABLES

CURRENT

Trade payables	159,670	86,539
Settlement clearing	383,022	512,392
Accrued transaction processing fees	415,522	375,029
Other payables	60,892	80,350
	1,019,106	1,054,310

NOTE 12: OTHER LIABILITIES

CURRENT

Merchant Bonds	637,094	636,751
	637,094	636,751

NOTE 13: SHARE CAPITAL

<i>(a) Issued and paid up capital</i>	No. shares	No. shares
Ordinary shares opening balance	7,863,956	16,475,298
Reduction on consolidation of two shares for one share ⁽¹⁾		(8,237,622)
Share buyback ⁽²⁾	-	(1,350,000)
Shares issued ^{(3) (4)}	54,750	976,280
	7,918,706	7,863,956

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

(b) Movements in shares on issue

⁽¹⁾ On 5 September 2019, shareholders approved 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 reduced from 16,475,298 to 8,237,676.

⁽²⁾ On 13 December 2019, shareholders approved a resolution to buy-back and cancel 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 31 October and 1 November 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 replaced by invoices for services provided from 1 October 2018 to 31 October 2019 with the costs recognized as "Listing expenses".

SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES

ABN: 44 121 655 472

(3) The invoices per (3) 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	45,455
Shape Capital Pty Ltd	<u>684,848</u>	<u>205,454</u>
Total	<u>976,280</u>	<u>292,884</u>

(4) On 13 February 2020, the company issued 54,750 shares at \$0.25 to Tripoint Global Equities LLC to settle an arms-length invoice of USD\$11,250 for three months of advisory services covering November 2019 – January 2020. The shares are subject to escrow for a period of four months and one day.

(d) *Restricted shares (Escrow)*

The number of ordinary shares subject to escrow as at March 31, 2020 was 2,618,812 (December 31, 2019: 2,848,958). During the reporting period 284,896 shares were released from escrow whilst 54,750 new shares were issued subject to escrow.

(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	
	March 31, 2020	December 31, 2019
	\$	\$
Profit from ordinary activities after income tax	216,795	193,334
<i>Non-Cash Items</i>		
Amortisation	12,820	13,589
Depreciation	6,242	5,694
Advisor costs settled in shares	16,425	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in merchant float	20,172	1,655,804
(Increase)/decrease in receivables	166,206	816
(Increase)/decrease in prepayments	(40,094)	10,591
(Increase)/decrease in security bonds	(43)	(180)
(Increase)/decrease in deferred taxes	82,233	97,270
(Decrease)/increase in payables	(49,874)	(1,318,788)
(Decrease)/increase in provisions	343	(1,180)
(Decrease)/increase in other liabilities	13,343	-
Net cash flow from operating activities	<u>444,658</u>	<u>656,950</u>
<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	1,104,925	1,166,321
Closing cash balance	<u>1,104,925</u>	<u>1,166,321</u>

NOTE 15: EARNINGS PER SHARE

	Three Months Ended	
	March 31, 2020	March 31, 2019
	No of Shares	No of Shares
Reconciliation of earnings used in calculating earnings per share:		
Profit from operations	216,795	193,334
Profit used in calculating basic and diluted earnings per share	216,795	193,334
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	7,892,835	6,887,676
Basic and diluted earnings per share	0.03	0.03

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:

Entity	Transaction	Amount (\$)		Payables (\$)	
		2020	2019	2020	2019
Sigrist Design Pty Ltd ⁽¹⁾	Other expenses	7,500	-	2,750	-
Senior Officers	Consultancy fees	150,240	98,881	60,341	39,176
Directors	Director fees	33,333	20,000	10,667	-
Director – John O’Connor ⁽²⁾	Professional fees	20,000	-	11,000	-

(1) Director Peter Hall (resigned 21st February 2020) 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 ceased March 2020.

(2) John O’Connor has a six-month consulting contract to the board spanning February – July 2020 for \$60,000, to provide advisory services around KPIs, revenue targets, financial analysis, technology and staffing.

NOTE 17: SUBSEQUENT EVENTS

- The group changed its registered office and principal place of business on April 3 2020 to:
Level 14, 440 Collins Street, Melbourne Victoria 3000 Australia.
- Mark Pryn was appointed as joint Company Secretary on April 8 2020.
- The group is moving its investment in residential mortgage securities to lower-risk term deposits during April and May 2020 in light of the current economic environment.
- On April 23, 2020, the Company announced that it signed an agreement with a new payment channel partner, being First Data Merchant Solutions Australia Pty Ltd which is part of the "Fiserv" global operations("FISERV"). None of the Fiserv global entities are related parties. This announcement follows on from the Company's announcement on January 21, 2020, that Westpac Banking Corporation had made a commercial decision to no longer provide its merchant services.
- The group's revenue has been impacted by COVID-19 during April and May 2020 to a point above break-even but it is well placed to absorb any long-term effect. As at the date of this report, revenue has not deteriorated enough for the group to be eligible for the Australian Government's JobKeeper program, and the group has sufficient cash reserves to cover any prolonged period of lower revenue.

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 three-month period ending 31 March 2020.

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



Athan Lekkas
Director

Melbourne
Date: May 19, 2020