

**SQID TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 44 121 655 472

**FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2021**

**SQID TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2021**

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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 2021.

Directors

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

Andrew Sterling appointed 5 August 2013

John O'Connor appointed 18 July 2019, resigned 2 March 2021

Michael Clarke appointed 6 August 2019

Athan Lekkas appointed 20 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 / (loss) after income tax attributable to the members of the Group was (\$315,733) (2019: \$216,795).

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 Group 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 agreement with Merchant Warrior (see "Subsequent events" below), will allow the Group to build upon their platform offering whilst removing the need to maintain and develop its existing platform and legacy systems. The Group will be able to focus on new Sales and Marketing opportunities in the pipeline and reduce backend operations.

Subsequent events

- On 7 April 2021, the group sold the options for a gain of \$119,996 in April 2021, \$64,000 of which was

recognised in 2020 as an unrealised gain.

- On 16 April 2021, the Group signed a new agreement with Merchant Warrior to provide a range of new payment solutions to its customers including the ability to offer ApplePay, GooglePay, BPAY and Electronic Funds Transfer.

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 2021. |
| John O'Connor
(resigned 2 March 2021) | <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 2021, a Director of First Growth Funds Limited.• Member of Audit & Remuneration Committees. |
| 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 2021, 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	3	3	1	1
Michael Clarke	3	3	1	1
Athan Lekkas	3	3	-	-

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

The Group paid a premium 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 Group for the previous financial year. The Group has been unable to secure insurance beyond the expiry period of 14 January 2021 and has elected to defer this until June 2021.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

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 April 27, 2021

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
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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 WITH COMPARATIVE FIGURES
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Notes	31 March 2021 \$	31 March 2020 \$
Revenue and other income			
Revenue from contracts with customers		158,997	2,069,179
Interest income		9	11,160
Other income		73,825	-
		<u>232,831</u>	<u>2,080,339</u>
Less: Expenses			
Direct transaction costs		68,269	1,254,666
Employee benefits expense		57,912	120,898
Depreciation and amortisation	9, 10	-	19,062
Consultancy fees	16	137,799	150,240
Director fees		30,000	33,333
Professional fees		94,624	145,552
Listing expenses		-	11,765
IT & hosting costs		71,051	19,621
Other expenses		88,907	38,531
		<u>548,562</u>	<u>1,793,668</u>
Profit / (loss) before income tax expense		(315,731)	286,671
Income tax expense	4	-	71,717
Profit / (loss) for the period		<u>(315,731)</u>	<u>214,954</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(315,731)</u>	<u>214,954</u>
Basic earnings per share	15	<u>(0.04)</u>	<u>0.03</u>
Diluted earnings per share	15	<u>(0.04)</u>	<u>0.03</u>

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2021	31 December 2020
		\$	\$
Current assets			
Cash and cash equivalents	5	1,091,144	2,998,162
Receivables	6	205,145	285,483
Other financial assets	7	-	354,000
Security deposits	8	186,625	186,987
Other current assets		31,768	52,193
Total current assets		1,514,682	3,876,825
Non-current assets			
Property, plant and equipment	9	-	-
Intangible assets	10	-	-
Other financial assets	7	2,552,859	553,931
Security deposits	8	50,000	50,000
Deferred tax assets	4	121,442	121,442
Total non-current assets		2,724,301	725,373
Total assets		4,238,983	4,602,198
Current liabilities			
Payables	11	153,157	213,525
Other liabilities	12	1,104,414	1,093,082
Employee provisions		70,782	69,685
Total current liabilities		1,328,353	1,376,292
Non-current liabilities			
Employee provisions		15,868	15,413
Total non-current liabilities		15,868	15,413
Total liabilities		1,344,222	1,391,706
Net assets		2,894,762	3,210,493
Equity			
Share capital	13	6,855,020	6,855,020
Reserves		45,639	45,639
Accumulated losses		(4,005,897)	(3,690,166)
Total equity		2,894,762	3,210,493

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 2021

	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance as at 1 October 2020	6,855,020		(3,339,115)	3,515,905
Share-based payments		45,639		45,639
Profit for the three-month period ended December 31, 2020			(351,051)	(351,051)
Balance as at 31 December 2020	6,855,020	45,639	(3,690,166)	3,210,493
Balance as at 1 January 2021	6,855,020	45,639	(3,690,166)	3,210,493
Share-based payments		-		-
Profit for the three-month period ended March 31, 2020			(315,731)	(315,731)
Balance as at 31 March 2021	6,855,020	45,639	(4,005,897)	2,894,762

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 2021

	Notes	31 March 2021 \$	31 March 2020 \$
Cash flow from operating activities			
Receipts from customers		172,542	2,340,888
Payments to suppliers and employees		(498,132)	(1,919,837)
Interest received		9	23,517
Net cash provided by operating activities	14(a)	(325,581)	444,568
Cash flow used in investing activities			
Payment for plant and equipment		-	(5,964)
Payment for investments		(2,150,000)	(500,000)
Proceeds from investments		568,563	-
Net cash used in investing activities		(1,581,437)	(505,964)
Cash flow used in financing activities			
Net cash used in financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		(1,907,018)	(61,396)
Cash and cash equivalents at beginning of the three-month period	14(b)	2,998,162	1,166,321
Cash and cash equivalents at end of the three-month period	5	1,091,144	1,104,925

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 2021**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 December 31, 2020.

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 April 27 2021, 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 December 31, 2020. 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 2021	31 December 2020
	\$	\$
Financial assets		
<u>Amortised cost:</u>		
- Cash and cash equivalents (note 5)	1,091,144	2,998,162
- Receivables (note 6)	205,145	285,483
- Security deposits (note 8)	186,625	186,987
	1,482,914	3,470,632
<u>Fair value through profit or loss:</u>		
- Other financial assets (note 7)	2,552,859	907,931
	2,552,859	907,931
Total financial assets	4,035,773	4,378,563
Financial liabilities		
<u>Amortised cost:</u>		
- Payables (note 11)	153,157	213,525
- Other liabilities (note 12)	1,104,414	1,093,082
	1,257,571	1,306,607

(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 2021	\$	\$	\$	%	
<i>(i) Financial assets</i>					
Cash and cash equivalents	1,091,144	-	1,091,144	0.2%	Variable
Receivables	-	205,145	205,145	0.0%	n/a
Security bonds	186,625	-	186,625	0.01%	Variable
Other financial assets	-	2,552,859	2,552,859	0.0%	n/a
Total financial assets	1,277,769	2,758,004	4,035,773	0.1%	
<i>(ii) Financial liabilities</i>					
Payables	-	153,157	153,157	n/a	n/a
Other liabilities	-	1,104,414	1,104,414	n/a	n/a
Total financial liabilities	-	1,257,571	1,257,571	n/a	
31 December 2020					
<i>(i) Financial assets</i>					
Cash and cash equivalents	2,998,162	-	2,998,162	0.2%	Variable
Receivables	-	285,483	285,483	0.0%	n/a
Security bonds	186,987	-	186,987	0.01%	Variable
Other financial assets	-	907,931	907,931	0.0%	n/a
Total financial assets	3,185,149	1,193,414	4,378,563	0.2%	
<i>(ii) Financial liabilities</i>					
Payables	-	213,525	213,525	n/a	n/a
Other liabilities	-	1,093,082	1,093,082	n/a	n/a
Total financial liabilities	-	1,306,607	1,306,607	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:

	2021	2020
+/- 1 basis point	\$	\$
Impact on profit after tax	2	543
Impact on equity	1	393

(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 \$1,104,414 (2019: \$641,717).

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 2021					
Payables	153,157	-	-	153,157	153,157
Other liabilities	-	1,104,414	-	1,104,414	1,104,414
	<u>153,157</u>	<u>1,104,414</u>	<u>-</u>	<u>1,257,571</u>	<u>1,257,571</u>
31 December 2020					
Payables	213,525	-	-	213,525	213,525
Other liabilities	-	1,093,082	-	1,093,082	1,093,082
	<u>213,525</u>	<u>1,093,082</u>	<u>-</u>	<u>1,306,607</u>	<u>1,306,607</u>

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NOTE 4: INCOME TAX	31 March 2021	31 December 2020
	\$	\$
<i>(a) Components of tax expense:</i>		
Deferred tax	-	(7,152)
	-	(7,152)
<i>(b) Income tax reconciliation</i>		
The prima facie tax payable on profit before income tax at 27.5% (2020: 27.5%) is as follows:		
Income tax expense attributable to profit	-	(7,152)
Less tax effect of:		
- Non-deductible expenses	-	-
	-	(7,152)
<i>(c) Deferred tax</i>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	121,442	-
Listing costs	-	127,112
Accrued expenses	-	11,568
Employee benefits	-	23,402
	121,442	196,212
<i>Deferred tax liabilities</i>		
The balance comprises:		
Prepayments	-	1,875
Investments		72,875
		74,740
<i>Net deferred tax assets</i>	121,442	121,442

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	1,091,144	2,998,162
	1,091,144	2,998,162

NOTE 6: RECEIVABLES

CURRENT		
Receivables	205,145	285,483
	205,145	285,483

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.

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NOTE 7: OTHER FINANCIAL ASSETS	31 March 2021	31 December 2020
	\$	\$
CURRENT		
Shares listed securities ⁽¹⁾	-	304,000
Options in listed securities ⁽¹⁾	-	50,000
	<u>-</u>	<u>354,000</u>
NON-CURRENT		
Financial assets at fair value through profit or loss:		
Shares in unlisted securities ⁽²⁾	402,859	402,859
Warrants in unlisted securities ⁽²⁾	-	151,072
Shares in unlisted securities ⁽³⁾	2,150,000	-
	<u>2,552,859</u>	<u>553,931</u>

(1) The Group invested \$240,000 in Cirralto Ltd on 7 December 2020. As part of this transaction, the Group received 1 free listed option for every 4 placement shares. These listed options have an exercise of \$0.025 and had an expiry date of 28 July 2023. The Group sold the shares in January 2021 for \$570,897 realising a profit of \$330,897, \$201,072 of which was recognised in 2020 as an unrealised gain. The group sold the options for a gain of \$119,996 in April 2021, \$64,000 of which was recognised in 2020 as an unrealised gain.

(2) The Group invested \$CAD380,000 in Vello Technologies Pty Ltd on 2 October 2020. The investment includes warrants which are valued at \$CAD142,500 as at 31 December 2020.

(3) The Group invested \$2.15m in ICON Esports Pty Ltd on 1 February 2021, which is 50% of the issued capital. The Group also has two of three positions on the Board of ICON Esports Pty Ltd. ICON will be consolidated into the Group's accounts upon completion of acquisition accounting.

NOTE 8: SECURITY DEPOSITS

CURRENT		
Westpac Banking Corporation	186,625	186,987
	<u>186,625</u>	<u>186,987</u>
NON-CURRENT		
Merchant Warrior	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

NOTE 9: PLANT AND EQUIPMENT

Plant & equipment

At cost	17,135	17,135
Accumulated depreciation	(17,057)	(17,057)
Accumulated impairment loss	(78)	(78)
	<u>-</u>	<u>-</u>

Reconciliation

Carrying amount at beginning of the period	-	1,099
Additions	-	5,965
Depreciation	-	(6,986)
Impairment	-	(78)
Carrying amount end of the period	<u>-</u>	<u>-</u>

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NOTE 10: INTANGIBLE ASSETS

Patents

At cost	153,393	153,393
Accumulated amortisation	(102,137)	(102,137)
Accumulated impairment loss	(51,256)	(51,256)
	-	-

Reconciliation

Carrying amount at beginning of the period	-	58,866
Amortisation	-	(7,610)
Impairment	-	(51,256)
Carrying amount end of the period	-	-

Capitalised Software Development

At cost	233,733	233,733
Accumulated amortisation	(160,954)	(160,954)
Accumulated impairment loss	(72,779)	(72,779)
	-	-

Reconciliation

Carrying amount at beginning of the period	-	139,825
Additions	-	-
Amortisation	-	(23,373)
Impairment	-	-
Carrying amount end of period	-	116,452

Total intangible assets	-	175,318
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The impairment loss relates to the loss of customers. The impairment expense was recognised as a separate line item in the statement of consolidated profit or loss and other comprehensive income in the audited financial statements for the year ended December 31 2020.

NOTE 11: PAYABLES

Trade payables	91,863	93,018
Merchant floats	51,875	34,433
Accrued transaction processing fees	4,969	30,491
Other payables	4,450	55,583
	153,157	213,525

NOTE 12: OTHER LIABILITIES

Merchant Bonds	674,752	663,420
Withheld GST ⁽¹⁾	429,662	429,662
	1,104,414	1,093,082

(1) During May – November 2020, the Group deducted \$429,662 of GST from merchants who were deemed export customers by the Australian Taxation Office. These merchants have ceased trading with the Group effective November 2020. The funds were added to the merchants' bond balance. The GST was withheld as extra security against possible chargebacks.

**31 March 2021 31 December
2020**

NOTE 13: SHARE CAPITAL

<i>(a) Issued and paid up capital</i>	\$	\$
Ordinary shares opening balance	6,855,020	6,855,020

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

(b) Movements in shares on issue - nil

(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, 2021	December 31, 2020
	\$	\$

Profit from ordinary activities after income tax	(315,731)	(351,051)
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Non-Cash Items

Amortisation	-	12,820
Depreciation	-	189
Impairment expense	-	124,113

Changes in assets and liabilities

(Increase)/decrease in receivables	(9,257)	(122,493)
(Increase)/decrease in prepayments	3,409	17,771
(Increase)/decrease in security bonds	362	(24)
(Increase)/decrease in deferred taxes	-	325,042
(Decrease)/increase in payables	(64,208)	(115,425)
(Decrease)/increase in provisions	48,512	125,771
(Decrease)/increase in other liabilities	11,332	427,855
Net cash flow from operating activities	(325,581)	444,568

(b) Reconciliation of cash

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	1,091,144	2,998,162
Closing cash balance	1,091,144	2,998,162

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

**March 31,
2021** **December 31,
2020**
\$ \$

NOTE 15: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

Profit from operations	(315,731)	(351,051)
Profit used in calculating basic and diluted earnings per share	(315,731)	(351,051)

	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	7,973,456	7,973,456
Weighted average number of options over ordinary shares	100,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	7,973,456	7,973,456
Basic earnings per share	(0.04)	(0.04)
Basic diluted earnings per share	(0.04)	(0.04)

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-term benefits and termination benefits were made during the interim three-month periods ended March 30, 2021 and 2020. The following table provides the total amount of transactions with related parties for the three-month periods ended March 31, 2021 and 2020 and outstanding payables as at March 31, 2021 and December 31, 2020:

Entity	Transaction	Amount (\$)		Payables (\$)	
		31.3.21	31.3.20	31.3.21	31.12.20
Sigrist Design Pty Ltd ⁽¹⁾	Other expenses	-	7,500	-	2,750
Senior Officers	Consultancy fees	137,799	150,240	50,813	49,218
Directors	Director fees	30,000	30,000	10,667	10,667
Director – John O'Connor ⁽²⁾	Professional fees	20,000	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 consulting contract to the board spanning February 2020 – March 2021 for to provide advisory services around KPIs, revenue targets, financial analysis, technology and staffing.

NOTE 17: SUBSEQUENT EVENTS

- On 7 April 2021, the group sold the options for a gain of \$119,996 in April 2021, \$64,000 of which was recognised in 2020 as an unrealised gain.
- On 16 April 2021, the Group signed a new agreement with Merchant Warrior to provide a range of new payment solutions to its customers including the ability to offer ApplePay, GooglePay, BPAY and Electronic Funds Transfer.

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 7 to 20:
 - (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 31 March 2021 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 2021.

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

Athan Lekkas
Director



Melbourne
Date April 27, 2021