

SQID Technologies Limited

ABN 44 121 655 472

**Condensed Interim Financial Report (Unaudited) - 31 March
2022**

SQID Technologies Limited
Corporate directory
31 March 2022

| | |
|-----------------------------|-----------------------------------------------------------------------|
| Directors | Athan Lekkas Michael Clarke Andrew Sterling |
| Company secretary | Mark Pryn |
| Registered office | Level 14 440 Collins Street Melbourne VIC 3000 |
| Principal place of business | Level 14 440 Collins Street Melbourne VIC 3000 |
| Auditor | Pitcher Partners Level 38 345 Queen Street Brisbane QLD 4000 |
| Website | sqidtechnologies.com |
| Stock exchange listing: | Canadian Securities Exchange (CSE:SQID) |

SQID Technologies Limited

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31 March 2022

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General information

The condensed interim consolidated financial statements cover SQID Technologies Limited as a Group consisting of SQID Technologies Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is SQID Technologies Limited's functional and presentation currency.

SQID Technologies Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 14
440 Collins Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the financial statements note 1 'Nature and continuance of operations'.

The financial statements were authorised for issue, in accordance with a resolution of Directors. The Directors have the power to amend and reissue the financial statements.

SQID Technologies Limited
Consolidated statement of financial position
As at 31 March 2022

| | Note | Consolidated 31 Mar 2022 \$ | 31 Dec 2021 \$ |
|--------------------------------------|------|-----------------------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,084,243 | 1,806,019 |
| Receivables | | 133,454 | 149,760 |
| Inventories | | 57,557 | 67,557 |
| Payment processing security deposits | | - | 50,000 |
| Other current assets | | 18,224 | 15,693 |
| Total current assets | | <u>1,293,478</u> | <u>2,089,029</u> |
| Non-current assets | | | |
| Other financial assets | 5 | 300,220 | - |
| Intangibles | | - | 60,000 |
| Total non-current assets | | <u>300,220</u> | <u>60,000</u> |
| Total assets | | <u>1,593,698</u> | <u>2,149,029</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 316,451 | 400,135 |
| Employee provisions | | 69,165 | 69,165 |
| Merchant liabilities | | 18,374 | 18,374 |
| Contract liabilities | | 25,000 | 117,500 |
| Total current liabilities | | <u>428,990</u> | <u>605,174</u> |
| Non-current liabilities | | | |
| Employee provisions | | 18,082 | 18,082 |
| Total non-current liabilities | | <u>18,082</u> | <u>18,082</u> |
| Total liabilities | | <u>447,072</u> | <u>623,256</u> |
| Net assets | | <u>1,146,626</u> | <u>1,525,773</u> |
| Equity | | | |
| Issued capital | 6 | 8,824,267 | 8,824,267 |
| Reserves | | (532,105) | (532,105) |
| Accumulated losses | | (7,145,536) | (6,766,389) |
| Total equity | | <u>1,146,626</u> | <u>1,525,773</u> |

Approved by :

"Athanasios Lekkas"

Chief Executive Officer
10 May 2022

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

SQID Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 March 2022

| | Note | Consolidated 31 Mar 2022 \$ | 31 Mar 2021 \$ |
|-------------------------------------------------------------------------------------------------------------|------|-----------------------------------|-------------------|
| Revenue | | | |
| Revenue from contracts with customers | 4 | 264,802 | 158,997 |
| Direct costs | | <u>(209,020)</u> | <u>(68,269)</u> |
| Gross profit | | <u>55,782</u> | <u>90,728</u> |
| Fair value losses on financial assets (investments) | | - | 65,825 |
| Government assistance (COVID-19) | | - | 8,000 |
| Interest income | | 4 | 9 |
| Expenses | | | |
| Professional fees | | (39,950) | (94,625) |
| Employee benefits expense | | (119,075) | (57,912) |
| Non-executive director fees (parent entity) | | (20,000) | (30,000) |
| Depreciation and amortisation | | (60,000) | - |
| Other expenses | | (37,872) | (88,906) |
| Marketing | | (20,318) | - |
| Consultancy fees | | (124,793) | (137,799) |
| Listing expenses | | (7,471) | - |
| IT and hosting costs | | (5,454) | (71,051) |
| Total expenses | | <u>(434,933)</u> | <u>(480,293)</u> |
| Loss before income tax expense | | (379,147) | (315,731) |
| Income tax expense | | <u>-</u> | <u>-</u> |
| Loss after income tax expense for the period attributable to the owners of SQID Technologies Limited | | (379,147) | (315,731) |
| Other comprehensive income for the period, net of tax | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period attributable to the owners of SQID Technologies Limited | | <u>(379,147)</u> | <u>(315,731)</u> |
| | | Cents | Cents |
| Basic earnings per share | 11 | (2.63) | (3.96) |
| Diluted earnings per share | 11 | (2.63) | (3.96) |

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

SQID Technologies Limited
Consolidated statement of changes in equity
For the period ended 31 March 2022

| Consolidated | Issued capital \$ | Share-based payments reserve \$ | Common control reserve \$ | Accumulated losses \$ | Non-controlling interest \$ | Total equity \$ |
|-------------------------------------------------------|-----------------------------|-------------------------------------------|-------------------------------------|---------------------------------|---------------------------------------|---------------------------|
| Balance at 1 January 2021 | 6,855,020 | 45,639 | - | (3,690,166) | - | 3,210,493 |
| Loss after income tax expense for the period | - | - | - | (315,731) | - | (315,731) |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | (315,731) | - | (315,731) |
| Balance at 31 March 2021 | <u>6,855,020</u> | <u>45,639</u> | <u>-</u> | <u>(4,005,897)</u> | <u>-</u> | <u>2,894,762</u> |
| Consolidated | Issued capital \$ | Share-based payments reserve \$ | Common control reserve \$ | Accumulated losses \$ | Non-controlling interest \$ | Total equity \$ |
| Balance at 1 January 2022 | 8,824,267 | - | (532,105) | (6,766,389) | - | 1,525,773 |
| Loss after income tax expense for the period | - | - | - | (379,147) | - | (379,147) |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | (379,147) | - | (379,147) |
| Balance at 31 March 2022 | <u>8,824,267</u> | <u>-</u> | <u>(532,105)</u> | <u>(7,145,536)</u> | <u>-</u> | <u>1,146,626</u> |

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

SQID Technologies Limited
Consolidated statement of cash flows
For the period ended 31 March 2022

| | Note | Consolidated | Consolidated |
|--------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| | | 31 Mar 2022 | 31 Mar 2021 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 188,608 | 172,542 |
| Payments to suppliers and employees | | <u>(610,168)</u> | <u>(563,957)</u> |
| | | (421,560) | (391,415) |
| Interest received | | <u>4</u> | <u>9</u> |
| Net cash used in operating activities | 10 | <u>(421,556)</u> | <u>(391,406)</u> |
| Cash flows from investing activities | | | |
| Payments for financial assets | 5 | (300,220) | - |
| Proceeds from sale of other financial assets | | - | 634,388 |
| Payments for acquisition of subsidiary | | <u>-</u> | <u>(2,150,000)</u> |
| Net cash used in investing activities | | <u>(300,220)</u> | <u>(1,515,612)</u> |
| Net cash from financing activities | | <u>-</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | | (721,776) | (1,907,018) |
| Cash and cash equivalents at the beginning of the financial period | | <u>1,806,019</u> | <u>2,998,162</u> |
| Cash and cash equivalents at the end of the financial period | | <u><u>1,084,243</u></u> | <u><u>1,091,144</u></u> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

SQID Technologies Limited
Notes to the consolidated financial statements
31 March 2022

Note 1. Nature and continuance of operations

The Parent Entity, SQID Technologies Limited is incorporated under the Laws of Australia, specifically the Corporations Act 2001. The registered office and principal place of business of SQID Technologies Limited is located at Level 14 440 Collins St Melbourne, Victoria, 3000, Australia. The Parent Entity's shares are listed on the Canadian Securities Exchange (CSE:SQID).

The Consolidated Entity comprises SQID Technologies Limited as the parent and controlled entities. Refer to note 9 'Interests in subsidiaries'.

The Consolidated Entity may also be referred to as the "Group" and the Parent Entity may also be referred to as the "Company".

During the financial period the principal continuing activities of the Group include:

- to provide merchant services and transaction processing to business merchants and ecommerce customers across both Business to Business (B2B) and Business to Consumer (B2C) segments through its leading partner platform; and
- investing and growing esports gaming interests via the wholly owned subsidiary, ICON Esports Pty Ltd (ICON).

Note 2. Significant accounting policies (interim report)

These general purpose financial statements for the interim half-year reporting period ended 31 March 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021.

The principal accounting policies adopted are consistent with those of the previous financial year.

Going concern

The financial statements have been prepared on a going concern basis.

For the period ended 31 March 2022, the Group recorded revenue from contracts with customers of \$264,802 (31 March 2021:\$158,997), incurred a net loss of \$379,147 (31 March 2021: \$315,731) and had operating cash outflows of \$421,556 (31 March 2021:391,406) . The statement of financial position shows cash and cash equivalent balances of \$1,084,243 (31 December 2021: \$1,806,019) and net assets of \$1,146,626 (31 December 2021: \$1,525,773).

The losses and negative cashflows from operations incurred during the year are not considered to be indicative of future performance.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Note 3. Operating segments

The Group comprises three operating segments within the geographical area of Australia: payment solutions, esports and gaming and corporate asset management. The Group segments operate independently, and discrete segmented financial information is reported to the Board. All significant operating decisions are based upon segmented analysis of the Group.

The financial results from these segments are equivalent to the financial statements of the group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these general purpose financial statements.

Major customers

During the period ended 31 March 2022 approximately 25% (31 March 2021: 0.0%) of the Group's external revenue was derived from a single sponsorship contract.

SQID Technologies Limited
Notes to the consolidated financial statements
31 March 2022

Note 3. Operating segments (continued)

Operating segment information

| | Payment Solutions \$ | Esports and Gaming \$ | Corporate asset management \$ | Total \$ |
|------------------------------------------------|----------------------------|-----------------------------|----------------------------------------|------------------|
| Consolidated - 31 Mar 2022 | | | | |
| Revenue | | | | |
| Revenue from contracts with customers | 31,627 | 233,175 | - | 264,802 |
| Interest revenue | - | - | 4 | 4 |
| Total revenue | <u>31,627</u> | <u>233,175</u> | <u>4</u> | <u>264,806</u> |
| EBITDA | | | | |
| Depreciation and amortisation | 13,801 | (172,510) | (160,438) | (319,147) |
| | - | (60,000) | - | (60,000) |
| Profit/(loss) before income tax expense | <u>13,801</u> | <u>(232,510)</u> | <u>(160,438)</u> | <u>(379,147)</u> |
| Income tax expense | | | | - |
| Loss after income tax expense | | | | <u>(379,147)</u> |
| Assets | | | | |
| Segment assets | 13,581 | 1,173,741 | 406,376 | 1,593,698 |
| Total assets | | | | <u>1,593,698</u> |
| Liabilities | | | | |
| Segment liabilities | 18,374 | 334,469 | 94,229 | 447,072 |
| Total liabilities | | | | <u>447,072</u> |
| Consolidated - 31 Mar 2021 | | | | |
| Revenue | | | | |
| Revenue from contracts with customers | 158,997 | - | - | 158,997 |
| Government assistance (COVID-19) | 8,000 | - | - | 8,000 |
| Fair value losses on financial assets | 65,825 | - | - | 65,825 |
| Interest revenue | 9 | - | - | 9 |
| Total revenue | <u>232,831</u> | <u>-</u> | <u>-</u> | <u>232,831</u> |
| EBITDA | | | | |
| | (315,731) | - | - | (315,731) |
| Loss before income tax expense | <u>(315,731)</u> | <u>-</u> | <u>-</u> | <u>(315,731)</u> |
| Income tax expense | | | | - |
| Loss after income tax expense | | | | <u>(315,731)</u> |
| Consolidated - 31 Dec 2021 | | | | |
| Assets | | | | |
| Segment assets | 163,850 | 1,572,991 | 412,188 | 2,149,029 |
| Total assets | | | | <u>2,149,029</u> |
| Liabilities | | | | |
| Segment liabilities | 18,374 | 501,208 | 103,674 | 623,256 |
| Total liabilities | | | | <u>623,256</u> |

SQID Technologies Limited
Notes to the consolidated financial statements
31 March 2022

Note 4. Revenue from contracts with customers

The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|----------------------------------------------------------------------|-----------------------|-----------------------|
| | 31 Mar 2022 | 31 Mar 2021 |
| | \$ | \$ |
| Transaction fees | - | 152,032 |
| Chargeback fees | - | 6,965 |
| Commission | 31,627 | - |
| <i>Total payment solutions revenue recognised at a point in time</i> | <u>31,627</u> | <u>158,997</u> |
| Sponsorships (<i>transferred over time</i>) | 165,257 | - |
| Other (including prize money <i>recognised at a point in time</i>) | 67,918 | - |
| <i>Total esports and gaming revenue</i> | <u>233,175</u> | <u>-</u> |
| | <u><u>264,802</u></u> | <u><u>158,997</u></u> |

Note 5. Other financial assets

| | Consolidated | |
|---------------------------|-----------------------|--------------------|
| | 31 Mar 2022 | 31 Dec 2021 |
| <i>Non-current assets</i> | | |
| Unlisted securities | 300,220 | - |
| | <u><u>300,220</u></u> | <u><u>-</u></u> |

Refer to note 8 'Fair value measurement' for further information.

Movements between the financial asset carrying amounts at the beginning and end of the current and previous financial year are set out below:

| | Listed securities * | Unlisted securities ** | Total |
|---------------------------------------------------------|------------------------|---------------------------|----------------|
| Consolidated - 31 March 2022 | | | |
| Addition - MSM Corporation International Limited (MSM)* | - | 200,220 | 200,220 |
| Addition - tagSpace Pty Ltd (tagSpace)** | - | 100,000 | 100,000 |
| | <u>-</u> | <u>300,220</u> | <u>300,220</u> |

* On 2 February 2022, MSM Corporation International Limited (MSM) issued the Group 4,260,000 fully paid ordinary shares and 1,065,000 options expiring on 31 December 2024 with an exercise price of \$0.0470 under a share placement with a total investment of \$200,220

** On 24 March 2022, the Group announced that it had signed a collaboration agreement with tagSpace Pty Ltd (tagSpace). As part of this agreement both SQID and tagSpace will collectively look at opportunities to expand and capitalise on opportunities in "E-sports" market segments. As part of signing this agreement SQID invested A\$100,000 in a cryptocurrency ITO undertaken by tagSpace.

SQID Technologies Limited
Notes to the consolidated financial statements
31 March 2022

Note 5. Other financial assets (continued)

Refer to note 8 for further information on fair value measurement.

| | Listed Securities | Unlisted Securities | Total |
|-------------------------------------------------------|-------------------|---------------------|-----------|
| Consolidated - 31 December 2021 | | | |
| Balance as 1 January 2021 | 354,000 | 553,931 | 907,931 |
| Fair value gains / (losses) through profit or loss | 336,893 | (508,693) | (171,800) |
| Disposal proceeds | (690,893) | - | (690,893) |
| Transfer to equity accounted investments (Associates) | - | (45,238) | (45,238) |
| | <u>-</u> | <u>-</u> | <u>-</u> |

Note 6. Issued capital

| | Consolidated | | | |
|------------------------------|-----------------------|-----------------------|-------------------|-------------------|
| | 31 Mar 2022 Shares | 31 Dec 2021 Shares | 31 Mar 2022 \$ | 31 Dec 2021 \$ |
| Ordinary shares - fully paid | <u>14,416,827</u> | <u>14,416,827</u> | <u>8,824,267</u> | <u>8,824,267</u> |

Ordinary share rights

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Generally, every member present at a meeting in person or by proxy shall have one vote for each share held.

Capital management

Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

Note 7. Financial instruments

Financial risk management objectives

The Group's operations are exposed the following financial risks:

- Interest rate risk,
- Credit risk,
- Liquidity risk,
- Price risk, and
- Foreign currency risk.

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments would fluctuate due to changes in foreign exchange rates. The Group is not exposed to any significant foreign currency risk.

Price risk

The Group's exposure to equity securities price risk for the previous reporting period arose from investments held and classified in the statement of financial position as listed and unlisted equities at fair value through profit or loss. In the current reporting period, the exposure was removed through investment sales and impairment. The impact of 10% increase or decrease in security prices on the Group's loss before tax and net assets for the previous reporting period is set out below.

Note 7. Financial instruments (continued)

| Consolidated - 31 Mar 2022 | % change | Average price increase | | % change | Average price decrease | |
|----------------------------|----------|-----------------------------|------------------|----------|-----------------------------|------------------|
| | | Effect on profit before tax | Effect on equity | | Effect on profit before tax | Effect on equity |
| Unlisted securities | 10% | <u>30,022</u> | <u>30,022</u> | 10% | <u>(30,022)</u> | <u>(30,022)</u> |

| Consolidated - 31 Dec 2021 | % change | Average price increase | | % change | Average price decrease | |
|----------------------------|----------|-----------------------------|------------------|----------|-----------------------------|------------------|
| | | Effect on profit before tax | Effect on equity | | Effect on profit before tax | Effect on equity |
| Unlisted securities | 10% | <u>-</u> | <u>-</u> | 10% | <u>-</u> | <u>-</u> |

Interest rate risk

The Group does not have a significant exposure to interest rate risk. The primary exposure relates to cash and cash equivalent balances in a low interest rate environment.

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers who are public and private organisations in the technology industry, including outstanding receivables. During the year the outsourcing of the payments solutions business has reduced the Group's credit risk.

(i) Risk management

Credit risk is managed through the maintenance of procedures ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

The Group's customer base includes of public sectors, listed companies and large and reputable private entities. Management maintains a close relationship with their customers to ensure that contract deliverables are met in a timely manner.

Risk is also minimised through holding cash and cash equivalent balances with financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

The Group's esports and gaming business trade receivables are exposed to credit losses. The outsourcing of the payments solution business during the year reduced the Group's credit exposure to this business.

(iii) Trade receivables and contract assets

Aged receivable balances are closely monitored by management to ensure customers adhere to payment terms.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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Notes to the consolidated financial statements
31 March 2022

Note 7. Financial instruments (continued)

Allowance for expected credit losses

The Group has recognised a loss of \$nil (31 March 2021: \$nil) in profit or loss in respect of the expected credit losses from receivables from contracts with customers.

The Group has recognised a loss of \$nil (31 March 2021: \$nil) in profit or loss in respect of losses arising from a one-off loan classified as other receivables.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The remaining contractual liabilities shown in the tables below match the respective carrying amount in the statement of financial position.

| Consolidated - 31 Mar 2022 | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|-----------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 316,451 | - | - | - | 316,451 |
| Merchant liabilities | - | 18,374 | - | - | - | 18,374 |
| Contract liabilities | - | 25,000 | - | - | - | 25,000 |
| Total non-derivatives | | <u>359,825</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>359,825</u> |

| Consolidated - 31 Dec 2021 | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|-----------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 400,135 | - | - | - | 400,135 |
| Merchant liabilities | - | 18,374 | - | - | - | 18,374 |
| Contract liabilities | - | 117,500 | - | - | - | 117,500 |
| Total non-derivatives | | <u>536,009</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>536,009</u> |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

SQID Technologies Limited
Notes to the consolidated financial statements
31 March 2022

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Mar 2022 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|--------------------------------------------------------------|---------------|---------------|---------------|-------------|
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Unlisted securities * | - | - | 300,220 | 300,220 |
| Total assets | - | - | 300,220 | 300,220 |

As at 31 March 2022 the carrying value of the Group's assets and liabilities, measured or disclosed at fair value was \$300,220. During the reporting period the Group invested in two unlisted securities and at this stage believes that the acquisition cost is the best measure of fair value.

As at 31 December 2021 the carrying value of the Group's assets and liabilities, measured or disclosed at fair value was nil. During the reporting period an investment previously classified as an unlisted security became an associate and was transferred to equity accounted investments which are not measured at fair value. Other investments measured or disclosed at fair value and held at the beginning of the reporting period were sold.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Level 3 assets and liabilities

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers will be selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

The Group policy is to reassess the fair value hierarchy level for each investment at the end of each reporting period. Where applicable investments will be transferred between fair value hierarchy levels at the most recent fair value determination prior to the transfer. There were no transfers between fair value hierarchy levels during the reporting period.

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Notes to the consolidated financial statements
31 March 2022

Note 9. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in :

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|------------------------------------------------------------------------|-----------------------------------------------------------|--------------------|------------------|
| | | 31 Mar 2022 % | 31 Dec 2021 % |
| SQID Payments Pty Ltd | Australia | 100% | 100% |
| EFT Managed Services Pty Ltd (<i>deregistered 30 January 2022</i>) * | Australia | - | 100% |
| ICON Esports Pty Ltd (<i>and wholly owned subsidiaries</i> **) | Australia | 100% | 100% |
| **Tainted Minds E-Sports Pty Ltd | Australia | | |
| **The Chiefs Esports Pty Ltd | Australia | | |
| ** Team Icon Pty Ltd (incorporated 9 April 2021) | Australia | | |

Note 10. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|-------------------------------------------------------------|-------------------|-------------------|
| | 31 Mar 2022 \$ | 31 Mar 2021 \$ |
| Loss after income tax expense for the period | (379,147) | (315,731) |
| Adjustments for: | | |
| Depreciation and amortisation | 60,000 | - |
| Net fair value gain on other financial assets | - | (65,825) |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in receivables | 16,306 | (9,257) |
| Decrease in inventories | 10,000 | - |
| (Increase)/decrease in other current assets | (2,531) | 3,409 |
| (Increase)/decrease in payment processing security deposits | 50,000 | 362 |
| Decrease in trade and other payables | (83,684) | (64,208) |
| Increase in employee benefits | - | 48,512 |
| (Decrease)/increase in merchant liabilities | - | 11,332 |
| Increase in contract liabilities | (92,500) | - |
| Net cash used in operating activities | <u>(421,556)</u> | <u>(391,406)</u> |

SQID Technologies Limited
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Note 11. Earnings per share

| | Consolidated | |
|-------------------------------------------------------------------------------------------|---------------------|--------------------|
| | 31 Mar 2022 | 31 Mar 2021 |
| | \$ | \$ |
| Loss after income tax attributable to the owners of SQID Technologies Limited | <u>(379,147)</u> | <u>(315,731)</u> |
| | Cents | Cents |
| Basic earnings per share | (2.63) | (3.96) |
| Diluted earnings per share | (2.63) | (3.96) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>14,416,827</u> | <u>7,973,456</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>14,416,827</u> | <u>7,973,456</u> |

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.