

# **SQID Technologies Limited**

**ABN 44 121 655 472**

**Condensed Interim Financial Report - 30 June 2022**

**SQID Technologies Limited**  
**Corporate directory**  
**30 June 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	<a href="http://sqidtechnologies.com">sqidtechnologies.com</a>
Stock exchange listing:	Canadian Securities Exchange (CSE:SQID)

## **SQID Technologies Limited**

### **Directors' report**

**30 June 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SQID Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

#### **Directors**

The following persons were Directors of SQID Technologies Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Athan Lekkas  
Michael Clarke  
Andrew Sterling

#### **Principal activities**

During the half-year the principal continuing activities of the Group were:

- 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
- growing its esports and gaming business interests.

#### **Dividends**

There were no dividends paid, recommended, or declared during the current or previous half-year.

#### **Review of operations**

The net loss for the half-year was \$710,749 (2021: \$1,745,590) of which \$710,749 (2021: \$1,522,390) was attributable to SQID Technologies Limited shareholders and to \$nil (2021: \$223,200) was attributable to non-controlling interests.

The net loss includes:

- \* Revenue from contracts with customers \$405,938 (2021: \$440,446)
- \* Gross profit \$5,000 (2021: \$218,647 loss)
- \* Fair value losses \$nil (2021: \$171,800)
- \* Other revenue \$129,215 (2021: \$12,014 )
- \* Expenses \$844,964 (2021: \$1,245,715).
- \* Expenses also include depreciation and amortisation of \$60,000 (2021: \$224,401).

The EBITDA loss (earnings before interest, tax, depreciation and amortisation) was \$650,749 (2021: \$1,399,747).

Overall, the improved net loss position is largely attributable to the migration of the payment solutions business to an external platform in April 2021 following the cessation revenue in late November 2020 from a large customer group unable to meet the Payment Card Industry Data Security Standard ("PCI") compliance levels. The payments solutions EBITDA contribution was \$40,347 (2021: \$533,711 loss).

Whilst the esports and gaming EBITDA loss at \$506,666 (2021: \$446,400) was disappointing, the business is developing and investing in future growth. It is noted that the esports and gaming comparative relates to the five months since acquisition on 1 February 2021 to 30 June 2021.

The corporate asset management EBITDA loss was \$184,430 (2021: \$419,636). The improved result is largely due to one off R&D tax incentives totalling \$129,208 received in the current half-year whilst the prior half-year included fair value losses on investments (financial assets) totalling \$171,800. Corporate asset management spending was higher in the current half-year largely due to the reallocation of the CEO's salary following the migration of the payment solutions business to an external platform in April 2021.

**SQID Technologies Limited**  
**Directors' report**  
**30 June 2022**

Net cash outflows from operating activities were \$709,484 (2021: \$1,330,373).

Net cash outflows from investing activities were \$300,220 (2021: \$690,893). The prior half-year investing activities include proceeds from the sale of investments (financial assets) and the investing activities for the current half-year are described below.

- On 2 February 2022, the Group acquired 4,260,000 fully paid ordinary shares and 1,065,000 options in MSM Corporation International Limited (MSM) under a share placement, for a total investment of \$200,220. The options have an exercise price of \$0.0470 and an expiry date of 31 December 2024.
- 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.

The cash position reduced by \$1,009,704 to \$796,315 as a result of the cash outflows from the operating and investing activities described above.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the half-year.

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 30 June 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.

**Likely developments**

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

**Environmental regulation**

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

**Rounding of amounts**

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

**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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



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Athan Lekkas  
Director

29 August 2022

Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors  
SQID Technologies Limited  
Level 14, 440 Collins Street  
MELBOURNE VIC 3000

### Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of SQID Technologies Limited and the entities it controlled during the period.



PITCHER PARTNERS



JASON EVANS  
Partner

Brisbane, Queensland  
29 August 2022

## **SQID Technologies Limited**

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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 half-year. 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.

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 profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2022**

	Note	Consolidated 30 Jun 2022 \$	30 Jun 2021 \$
<b>Revenue</b>			
Revenue from contracts with customers	3	405,938	440,446
Direct costs		<u>(400,938)</u>	<u>(659,093)</u>
Gross profit		<u>5,000</u>	<u>(218,647)</u>
Fair value losses on financial assets (investments)		-	(171,800)
Government assistance (COVID-19)		-	12,000
R&D tax incentive		129,208	-
Interest income		7	14
<b>Expenses</b>			
Professional fees		(79,615)	(240,772)
Employee benefits expense		(260,434)	(213,435)
Non-executive director fees (parent entity)		(40,000)	(46,667)
Depreciation and amortisation	5	(60,000)	(224,401)
Impairment losses		-	(12,500)
Other expenses		(76,369)	(27,271)
Marketing		(63,726)	(20,370)
Consultancy fees		(230,837)	(263,669)
Listing expenses		(23,082)	(36,495)
IT and hosting costs		(10,901)	(160,135)
Total expenses		<u>(844,964)</u>	<u>(1,245,715)</u>
<b>Loss before income tax expense</b>		(710,749)	(1,624,148)
Income tax expense		-	(121,442)
<b>Loss after income tax expense for the half-year</b>		(710,749)	(1,745,590)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<u>(710,749)</u>	<u>(1,745,590)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		-	(223,200)
Owners of SQID Technologies Limited		<u>(710,749)</u>	<u>(1,522,390)</u>
		<u>(710,749)</u>	<u>(1,745,590)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	(223,200)
Owners of SQID Technologies Limited		<u>(710,749)</u>	<u>(1,522,390)</u>
		<u>(710,749)</u>	<u>(1,745,590)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	(4.93)	(19.09)
Diluted earnings per share	9	(4.93)	(19.09)

*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 financial position**  
**As at 30 June 2022**

	Note	Consolidated 30 Jun 2022 \$	31 Dec 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		796,315	1,806,019
Receivables		93,990	149,760
Inventories		-	67,557
Payment processing security deposits		-	50,000
Other current assets		9,211	15,693
<b>Total current assets</b>		<u>899,516</u>	<u>2,089,029</u>
<b>Non-current assets</b>			
Other financial assets	4	200,220	-
Intangibles	5	100,000	60,000
<b>Total non-current assets</b>		<u>300,220</u>	<u>60,000</u>
<b>Total assets</b>		<u>1,199,736</u>	<u>2,149,029</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		256,806	400,135
Employee provisions		87,154	69,165
Merchant liabilities		18,374	18,374
Contract liabilities		-	117,500
<b>Total current liabilities</b>		<u>362,334</u>	<u>605,174</u>
<b>Non-current liabilities</b>			
Employee provisions		22,378	18,082
<b>Total non-current liabilities</b>		<u>22,378</u>	<u>18,082</u>
<b>Total liabilities</b>		<u>384,712</u>	<u>623,256</u>
<b>Net assets</b>		<u>815,024</u>	<u>1,525,773</u>
<b>Equity</b>			
Issued capital	6	8,824,267	8,824,267
Reserves		(532,105)	(532,105)
Accumulated losses		(7,477,138)	(6,766,389)
<b>Total equity</b>		<u>815,024</u>	<u>1,525,773</u>

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



**SQID Technologies Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2022**

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Share-based payments reserve</b> \$	<b>Common control reserve</b> \$	<b>Accumulated losses</b> \$	<b>Non-controlling interest</b> \$	<b>Total equity</b> \$
Balance at 1 January 2021	6,855,020	45,639	-	(3,690,166)	-	3,210,493
Loss after income tax expense for the half-year	-	-	-	(1,522,390)	(223,200)	(1,745,590)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,522,390)	(223,200)	(1,745,590)
Balance at 30 June 2021	<u>6,855,020</u>	<u>45,639</u>	<u>-</u>	<u>(5,212,556)</u>	<u>(223,200)</u>	<u>1,464,903</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Share-based payments reserve</b> \$	<b>Common control reserve</b> \$	<b>Accumulated losses</b> \$	<b>Non-controlling interest</b> \$	<b>Total equity</b> \$
Balance at 1 January 2022	8,824,267	-	(532,105)	(6,766,389)	-	1,525,773
Loss after income tax expense for the half-year	-	-	-	(710,749)	-	(710,749)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(710,749)	-	(710,749)
Balance at 30 June 2022	<u>8,824,267</u>	<u>-</u>	<u>(532,105)</u>	<u>(7,477,138)</u>	<u>-</u>	<u>815,024</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 half-year ended 30 June 2022**

	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		344,208	436,966
Payments to suppliers and employees		<u>(1,182,907)</u>	<u>(1,767,353)</u>
		(838,699)	(1,330,387)
Interest received		7	14
R&D tax incentive		<u>129,208</u>	<u>-</u>
Net cash used in operating activities	8	<u>(709,484)</u>	<u>(1,330,373)</u>
<b>Cash flows from investing activities</b>			
Payments for intangibles	5	(100,000)	-
Payments for financial assets	4	(200,220)	-
Proceeds from sale of other financial assets		<u>-</u>	<u>690,893</u>
Net cash from/(used in) investing activities		<u>(300,220)</u>	<u>690,893</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings.		<u>-</u>	<u>(228,750)</u>
Net cash used in financing activities		<u>-</u>	<u>(228,750)</u>
Net decrease in cash and cash equivalents		(1,009,704)	(868,230)
Cash and cash equivalents at the beginning of the financial half-year		1,806,019	2,998,162
Cash acquired from business combination		<u>-</u>	<u>41,431</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>796,315</u></u>	<u><u>2,171,363</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**  
**30 June 2022**

**Note 1. Significant accounting policies (interim report)**

These general purpose financial statements for the interim half-year reporting period ended 30 June 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 and corresponding interim reporting period, except for the policies stated below.

***New accounting policy adopted as a result of the acquisition of cryptocurrency under development classified as intangible assets***

The Group measures its cryptocurrencies under development (which are pre-ICO such as unlisted tokens or rights to acquire / distribute tokens) at cost in accordance with AASB 138 Intangible Assets. Unlisted tokens or rights to acquire / distribute tokens are recognised in accordance with IFRICs June 2019 guidance issued on crypto assets.

***Going concern***

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

For the half-year ended 30 June 2022, the Group recorded revenue from contracts with customers of \$405,938 (2021: \$440,446), incurred a net loss of \$710,749 (2021: \$1,745,590) and had operating cash outflows of \$709,484 (2021: \$1,330,373). The statement of financial position shows cash and cash equivalent balances of \$796,315 (31 December 2021: \$1,806,019) and net assets of \$815,024 (31 December 2021: \$1,525,773).

Based on current operating cash flow projections, the Directors anticipate that the Company will need to raise further capital, or realise assets, within the coming 12 month period in order to continue to meet its ongoing commitments as and when they fall due. These factors combined constitute a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The Directors have concluded that the going concern basis of accounting remains appropriate, noting the following:

- \* the Company as a listed entity has access to capital market funding options, and
- \*\* the Company has an on-going engagement with Shape Capital to identify and advise on alternative funding or asset realisation options

Should the group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. No adjustments have been made to the financial report relating to the recoverability and classification of the carrying amounts of assets or the amount and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

**Note 2. 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.

**SQID Technologies Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 2. Operating segments (continued)**

*Operating segment information*

	Payment Solutions \$	Esports and Gaming \$	Corporate asset management \$	Total \$
<b>Consolidated - 30 Jun 2022</b>				
<b>Revenue</b>				
Revenue from contracts with customers	75,197	330,741	-	405,938
Interest revenue	-	-	7	7
R&D tax incentive	-	-	129,208	129,208
<b>Total revenue</b>	<b>75,197</b>	<b>330,741</b>	<b>129,215</b>	<b>535,153</b>
<b>EBITDA</b>				
Depreciation and amortisation	40,347	(506,666)	(184,430)	(650,749)
	-	(60,000)	-	(60,000)
<b>Profit/(loss) before income tax expense</b>	<b>40,347</b>	<b>(566,666)</b>	<b>(184,430)</b>	<b>(710,749)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(710,749)</b>
<b>Assets</b>				
Segment assets	23,242	717,292	459,202	1,199,736
<b>Total assets</b>				<b>1,199,736</b>
<b>Liabilities</b>				
Segment liabilities	18,374	272,176	94,162	384,712
<b>Total liabilities</b>				<b>384,712</b>
<b>Consolidated - 30 Jun 2021</b>				
<b>Revenue</b>				
Revenue from contracts with customers	211,815	228,631	-	440,446
Government assistance (COVID-19)	12,000	-	-	12,000
Fair value losses on financial assets	-	-	(171,800)	(171,800)
Interest revenue	14	-	-	14
<b>Total revenue</b>	<b>223,829</b>	<b>228,631</b>	<b>(171,800)</b>	<b>280,660</b>
<b>EBITDA</b>				
Depreciation and amortisation	(533,711)	(446,400)	(419,636)	(1,399,747)
	-	(224,401)	-	(224,401)
<b>Loss before income tax expense</b>	<b>(533,711)</b>	<b>(670,801)</b>	<b>(419,636)</b>	<b>(1,624,148)</b>
Income tax expense				(121,442)
<b>Loss after income tax expense</b>				<b>(1,745,590)</b>
<b>Consolidated - 31 Dec 2021</b>				
<b>Assets</b>				
Segment assets	163,850	1,572,991	412,188	2,149,029
<b>Total assets</b>				<b>2,149,029</b>
<b>Liabilities</b>				
Segment liabilities	18,374	501,208	103,674	623,256
<b>Total liabilities</b>				<b>623,256</b>

**SQID Technologies Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 3. Revenue from contracts with customers**

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

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
Transaction fees	-	199,034
Chargeback fees	-	6,965
Commission	75,197	5,816
<i>Total payment solutions revenue recognised at a point in time</i>	<u>75,197</u>	<u>211,815</u>
Sponsorships ( <i>transferred over time</i> )	238,928	167,072
Other (including prize money <i>recognised at a point in time</i> )	91,813	61,559
<i>Total esports and gaming revenue</i>	<u>330,741</u>	<u>228,631</u>
	<u>405,938</u>	<u>440,446</u>

**Note 4. Other financial assets**

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<i>Current assets</i>		
Unlisted securities	<u>200,220</u>	<u>-</u>

Refer to note 7 'Fair value measurement' for further information.

Movements between the financial asset carrying amounts for the current financial half-year are set out below:

	Listed securities	Unlisted securities	Total
<b>Consolidated - 30 June 2022</b>			
Balance as at 1 January 2021	-	-	-
Addition - MSM Corporation International Limited (MSM)*	-	200,220	200,220
Balance as at 30 June 2022	<u>-</u>	<u>200,220</u>	<u>200,220</u>

\* On 2 February 2022, the Group acquired 4,260,000 fully paid ordinary shares and 1,065,000 options in MSM Corporation International Limited (MSM) under a share placement, for a total investment of \$200,220. The options have an exercise price of \$0.0470 and an expiry date of 31 December 2024.

Refer to note 7 for further information on fair value measurement.

**SQID Technologies Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 5. Intangibles**

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	739,574	739,574
Less: Impairment	<u>(739,574)</u>	<u>(739,574)</u>
	-	-
Sponsorship and membership contracts	561,730	561,730
Less: Accumulated amortisation	<u>(561,730)</u>	<u>(501,730)</u>
	-	60,000
Cryptocurrencies under development	100,000	-
	<u>100,000</u>	<u>60,000</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Goodwill *	Sponsorship and membership contracts	Crypto- currency under development	Total
	\$	\$	\$	\$
Balance at 1 January 2022	-	60,000	-	60,000
Additions **	-	-	100,000	100,000
Amortisation expense	-	<u>(60,000)</u>	-	<u>(60,000)</u>
Balance at 30 June 2022	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

\*\* 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.

**Note 6. Issued capital**

	<b>Consolidated</b>			
	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
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.

**SQID Technologies Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 6. Issued capital (continued)**

*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. 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

<b>Consolidated - 30 Jun 2022</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Unlisted securities *	-	-	200,220	200,220
Total assets	-	-	200,220	200,220

As at 30 June 2022 the carrying value of the Group's assets measured or disclosed at fair value was \$200,220. (note 4 'Other financial assets'). During the half-year the Group invested in unlisted securities and at this stage believes that the acquisition cost is the best measure of fair value. The group had no assets or liabilities measured at fair value at 31 December 2021.

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.

**SQID Technologies Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 8. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the half-year	(710,749)	(1,745,590)
Adjustments for:		
Depreciation and amortisation	60,000	224,401
Net fair value loss on other financial assets	-	171,800
Impairment losses	-	12,500
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	55,770	(250,480)
Decrease in inventories	67,557	-
(Increase)/decrease in other current assets	6,482	95,800
(Increase)/decrease in payment processing security deposits	50,000	52,550
Decrease in deferred tax assets	-	121,442
Decrease in trade and other payables	(143,329)	(165,619)
Increase/(decrease) in employee benefits	22,285	(19,379)
(Decrease)/increase in merchant liabilities	-	(62,798)
Increase in contract liabilities	(117,500)	235,000
Net cash used in operating activities	<u>(709,484)</u>	<u>(1,330,373)</u>

**Note 9. Earnings per share**

	<b>Consolidated</b>	
	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(710,749)	(1,745,590)
Non-controlling interest	-	223,200
Loss after income tax attributable to the owners of SQID Technologies Limited	<u>(710,749)</u>	<u>(1,522,390)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.93)	(19.09)
Diluted earnings per share	(4.93)	(19.09)
	<b>Number</b>	<b>Number</b>
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 10. Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 30 June 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.



**SQID Technologies Limited**  
**Directors' declaration**  
**30 June 2022**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Athan Lekkas  
Director

29 August 2022

## Independent Auditor's Review Report to the Members of SQID Technologies Limited

### Conclusion

We have reviewed the half-year financial report of SQID Technologies Limited (the 'Company') and its controlled entities ('the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$710,749 and net operating cash outflows of \$709,484 for the half-year ended 30 June 2022, and that it is likely the Group will need to raise further capital, or realise assets, within the coming 12 month period in order to continue to meet its ongoing commitments as and when they fall due. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### **Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Pitcher Partners*

PITCHER PARTNERS

*J. Evans*

JASON EVANS  
Partner

Brisbane, Queensland  
29 August 2022