SQID Technologies Limited

ABN 44 121 655 472

Financial Report - 31 December 2022

SQID Technologies Limited
Corporate directory
31 December 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
Directors' report
31 December 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 year ended 31 December 2022.

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

Athan Lekkas
Michael Clarke
Andrew Sterling

Principal activities
During the financial 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 gaming interests.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The net loss for the year was $1,212,644 (2021: $3,421,114) of which $1,212,644 (2021 : $3,121,862) was attributable to SQID Technologies Limited shareholders and to $nil (2021: $299,252) was attributable to non-controlling interests.

The net loss includes:
* Revenue from contracts with customers $1,210,299 (2021: $1,015,469)
* Gross profit $374,171 (2021 : $173,077)
* Government grants $129,208 (2021 : $12,000)
* Fair value losses $nil (2021 : $171,800)
* Total expenses $1,716,033 (2021 : $3,313,033) including:
** depreciation and amortisation of $60,000 (2021 : $501,730) and
** impairment losses of $100,000 (2021 :$797,312).

On 24 March 2022, the Group signed a collaboration agreement with tagSpace Pty Ltd (tagSpace). Under the agreement both SQID and tagSpace will collaborate to expand and capitalise on opportunities in “E-sports” market segments. The Group also invested $100,000 in a cryptocurrency ITO undertaken by tagSpace. However, following the recent downturn in cryptocurrency markets this investment has been fully impaired.

The impairment losses in the prior period relate to goodwill initially recognised on the acquisition of ICON Esports Pty Ltd.

The EBITDA loss (earnings before interest, tax, depreciation, amortisation and impairments) was $1,052,173 (2021: $2,000,630).

The payments solutions EBITDA contribution was $99,772 (2021: $610,054 loss).The improved EBITDA contribution is attributable to the migration of the payment solutions business to an external platform in April 2021, following the cessation of revenue from a large customer group unable to meet the Payment Card Industry Data Security Standard (“PCI”) compliance levels in late November 2020.

Whilst the esports and gaming EBITDA loss was disappointing at $506,666 (2021: $685,610), the business is developing and investing in future growth. It is noted that the esports and gaming comparative relates to the eleven months post acquisition from 1 February 2021 to 31 December 2021.

The corporate asset management EBITDA loss was $446,845 (2021: $704,966). The improved result is largely due to one off R&D tax incentives totalling $129,208 received during the year whilst the prior year included fair value losses on investments (financial assets) totalling $171,800. Corporate asset management spending was higher this 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.

As at 31 December 2022, the Group's cash and cash equivalents balance was $356,113 (2021:$1,806,019).

Net cash outflows from operating activities were $1,163,097 (2021: $2,583,415).

Net cash outflows from investing activities were $300,220 (2021 : $732,324 inflows). The prior year investing activities include proceeds from the sale of investments (financial assets) and the investing activities for the 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 invested A$100,000 in a cryptocurrency ITO undertaken by tagSpace which was subsequently fully impaired.

Net cash flows from financing activities were $13,411 (2021:$658,948). The prior year includes proceeds from a share placement less the repayment of borrowings acquired through business combination. The current year relates to incidental borrowings.

The consolidated statement of financial position shows total equity of $313,129 (2021: $1,525,773).
Current assets at $607,570 (2021: $2,089,029) include cash balances $356,113 (2021: $1,806,019). Non-current assets at $200,220 (2021: $60,000) include intangibles relating to the ICON acquisition totalling $nil (2021: $60,000).
Current liabilities at $476,952 (2021: $605,174) include merchant liabilities $18,374 (2021: $18,374), borrowings $13,411 ($nil) and contract liabilities $9,507 (2021: $117,500). Non-current liabilities at $17,709 (2021: $18,082) relate to employee provisions.

Significant changes in the state of affairs
Aside from the matters referred to in the review of operations, there were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 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.

Business strategies and risks
The Group will continue to actively manage and seek revenue growth opportunities within the payment solutions and esports and gaming sector. Further the Group will continue to manage and monitor its investments and its cryptocurrency exposures.

The Group is exposed to risk and uncertainties:

- **Risk of no return on investment**: There is no assurance that the Group's businesses and investments will be profitable in the future, or that the Group will be able generate sufficient or any income to meet its obligations. There is no assurance that an investment in our securities will earn a specified rate of return or any return over the life of the Company.
- **Security price volatility**: There can be no assurance that an active trading market in our securities will be established and sustained. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Group . The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.
- **Global financial conditions:** Global financial conditions over the last few years have been characterised by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. These factors may affect the ability of the Group to obtain equity or debt financing on suitable terms in the future. Additionally, these factors, as well as other related factors, may cause asset value impairments which may also adversely impact future cash flows, earnings and the pricing of our securities.

- **Uncertainty of additional financing**: There is no assurance future working capital will be adequate to finance business growth objectives. The Group does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Group will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse impact. Equity financing and the additional issuance of equity securities may result in the dilution of existing security holder interests.
- **Acquisition risk**: The Group's business growth strategies may include pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including due diligence, acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with Group's existing business, the Group's financial performance could be materially adversely affected. Future acquisitions may involve the issue of Group securities which may dilute existing security holder interests.
- **Unforeseen competition**: There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Group and/ or its investee organisations.
- **Technology risk**: The Group's, assets and business operations, may be susceptible to rapid technological change and there is no assurance that adequate responses will be made in a timely manner.
- **Access to insurance**: The Group may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This absence of insurance coverage could have an adverse impact on the Group's future cash flows, earnings, results of operations and financial condition.
- **Reliance on directors, officers and other key personnel**: The Group has a small management team and the unexpected loss of any of these individuals may have a serious impact on the business. Specifically, the Group is dependent upon the skills of the management team listed in items “Directors and Executive Officers” for the successful operation of its business interests. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the Group's business interests. The Group also relies on consultants to carry out certain business objectives and the unexpected loss of any of these consultants could have a serious impact on the business.
- **Relationships with key third party suppliers and service providers**: Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact Group's ability to win and retain contracts, each of which could materially adversely affect Group's future business, operating and financial performance.
- **Data security & cybersecurity risks**: The Group is subject to Australian Privacy legislation which includes the requirement to report any serious security or privacy breaches. The Group's payment solutions business relies uninterrupted operation of its external payments processing platform provided by Merchant Warrior. Merchant Warrior’s (MW) core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events. MW has detailed merchant vetting / KYC procedures used to detect or mitigate fraud. Merchant accounts all have transaction limits, in line with the industry they are in, and all transactions are monitored and assigned a risk score.
- **Non-exhaustive list**: The above list of risk factors should not be taken as exhaustive. The above factors and others not yet identified may materially affect future financial performance and the value of our securities.

Information on directors and company secretary

Name:	Athan Lekkas
Title:	Chief Executive Officer and Executive Chairman
Experience and expertise:	Investment expert in the technology sector. Many years of investment banking experience, including advising on 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 December 2022, a Director of First Growth Funds Limited (CSE:FGFL). Since 11 May 2022, a Director of Magnum Mining and Exploration Limited (ASX:MGU).
Special responsibilities:	Chief Executive Officer, Executive Chairman and from 10 May 2022 a Member of the Audit Committee

Name:	Michael Clarke
Title:	Non-Executive Director
Experience and expertise:	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 December 2022, a Director of First Growth Funds Limited (CSE:FGFL).
Special responsibilities:	Chair of Audit Committee. Member of Remuneration Committee

Name:	Andrew Sterling
Title:	Non-Executive Director
Qualifications:	Cert IV in Financial Services, Diploma of Financial Services
Experience and expertise:	Over 30 years of banking and finance experience including senior positions at ANZ & Citibank. No other directorships of listed companies were held at any time during the three years prior to 31 December 2022.
Special responsibilities:	Chair of Remuneration Committee. Member of Audit Committee.

Name:	Mark Pryn
Title:	Company Secretary
Qualifications:	B.Eco CA GAICD,ACIS
Experience and expertise:	Over 25 years of experience in finance and governance roles across varied industries and organisation types, including 10 years with ASX-listed entities.
Special responsibilities:	Company Secretary and Chief Financial Officer

Meetings of directors
The number of board and board committee meetings held during the year ended 31 December 2022, and the number of meetings attended by each Director were:

	Full Board		Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Athan Lekkas	4	4	-	-	1	2
Michael Clarke	4	4	-	-	4	4
Andrew Sterling	4	4	-	-	4	4

Held: represents the number of meetings held during the time the Director held office.

Shares under warrant
Unissued ordinary shares of SQID Technologies Limited under warrant at the date of this report are as follows:

Grant date	Expiry date	Exercise price $CAD	Number under warrant
19 November 2021	18 November 2024	$0.45	3,110,038

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options and warrants
There were no ordinary shares of SQID Technologies Limited issued on the exercise of options or warrants during the year ended 31 December 2022 and up to the date of this report.

Equity securities held by directors

	Balance at the start of the year	Off market additions *	Disposals	Balance at the end of the year
Ordinary shares held by directors				
Michael Clarke	84,000	-	-	84,000
Andrew Sterling	903,300	-	-	903,300
	987,300	-	-	987,300

	Balance at the start of the year	Issued*	Exercised	Lapsed	Balance at the end of the year
Share warrants held by directors					
Michael Clarke	84,000	-	-	-	84,000

Indemnity and insurance of officers
The Group has indemnified the Directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

As previously reported the Parent Entity did not renew the Directors' and Officers' insurance beyond the expiry of the previous policy being 14 January 2021. Revised cover arrangements are under discussion with the Group's insurance brokers.

Indemnity and insurance of auditor
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 Group
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

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.

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

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

There are no officers of the Group who are former partners of Pitcher Partners.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

Athan Lekkas
Director

23 March 2023

PITCHER PARTNERS

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Brisbane, QLD 4001

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

Auditor's Independence Declaration

In relation to the independent audit for the year ended 31 December 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 year.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
23 March 2023

General information

The 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 reporting 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

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 year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Revenue			
Revenue from contracts with customers	4	1,210,299	1,015,469
Direct costs	6	(836,128)	(842,392)
Gross profit		374,171	173,077
Fair value losses on financial assets (investments)		-	(171,800)
Government assistance (COVID-19)		-	12,000
R&D tax incentive		129,208	-
Interest income		10	84
Expenses			
Consultancy fees		(486,565)	(432,669)
Employee benefits expense	6	(512,352)	(480,526)
IT and hosting costs		(19,737)	(206,903)
Listing and registry expenses		(30,049)	(41,851)
Marketing		(139,256)	(45,483)
Non-executive director fees		(63,333)	(86,667)
Professional fees - other		(133,789)	(630,636)
Other expenses		(170,481)	(89,256)
Depreciation and amortisation	13	(60,000)	(501,730)
Impairment losses	5	(100,000)	(797,312)
Finance costs		(471)	-
Total expenses		(1,716,033)	(3,313,033)
Loss before income tax expense		(1,212,644)	(3,299,672)
Income tax expense	7	-	(121,442)
Loss after income tax expense for the year		(1,212,644)	(3,421,114)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(1,212,644)	(3,421,114)
Loss for the year is attributable to:			
Non-controlling interest		-	(299,252)
Owners of SQID Technologies Limited		(1,212,644)	(3,121,862)
		(1,212,644)	(3,421,114)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(299,252)
Owners of SQID Technologies Limited		(1,212,644)	(3,121,862)
		(1,212,644)	(3,421,114)
		Cents	**Cents**
Basic earnings per share	30	(8.41)	(34.84)
Diluted earnings per share	30	(8.41)	(34.84)

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 31 December 2022

	Note	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Assets			
Current assets			
Cash and cash equivalents	8	356,113	1,806,019
Receivables	9	230,699	149,760
Inventories	10	-	67,557
Payment processing security deposits		-	50,000
Other current assets		20,758	15,693
Total current assets		607,570	2,089,029
Non-current assets			
Other financial assets	11	200,220	-
Intangibles	13	-	60,000
Total non-current assets		200,220	60,000
Total assets		807,790	2,149,029
Liabilities			
Current liabilities			
Trade and other payables	14	346,395	400,135
Borrowings		13,411	-
Employee provisions	15	89,265	69,165
Merchant liabilities	16	18,374	18,374
Contract liabilities	17	9,507	117,500
Total current liabilities		476,952	605,174
Non-current liabilities			
Employee provisions	15	17,709	18,082
Total non-current liabilities		17,709	18,082
Total liabilities		494,661	623,256
Net assets		313,129	1,525,773
Equity			
Issued capital	18	8,824,267	8,824,267
Reserves	19	(532,105)	(532,105)
Accumulated losses		(7,979,033)	(6,766,389)
Total equity		313,129	1,525,773

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 year ended 31 December 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 year	-	-	-	(3,121,862)	(299,252)	(3,421,114)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,121,862)	(299,252)	(3,421,114)
Non-controlling interests on acquisition of subsidiary (note 26)	-	-	-	-	848,696	848,696
Lapsed options	-	(45,639)	-	45,639	-	-
Transactions with owners in their capacity as owners:						
Shares issued to advisor (note 18)	995,212	-	-	-	-	995,212
Options issued to advisor (note 18).	1,081,549	-	(532,105)	-	(549,444)	-
Share issue costs (note 18)	(107,514)	-	-	-	-	(107,514)
Balance at 31 December 2021	8,824,267	-	(532,105)	(6,766,389)	-	1,525,773

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 year	-	-	-	(1,212,644)	-	(1,212,644)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,212,644)	-	(1,212,644)
Balance at 31 December 2022	8,824,267	-	(532,105)	(7,979,033)	-	313,129

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 year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Cash flows from operating activities			
Receipts from customers		1,106,413	1,256,192
Payments to suppliers and employees		(2,398,257)	(3,851,691)
		(1,291,844)	(2,595,499)
Interest received		10	84
Interest and other finance costs paid		(471)	-
Receipts of government grants & subsidies		129,208	12,000
Net cash used in operating activities	28	(1,163,097)	(2,583,415)
Cash flows from investing activities			
Payments for investments	11	(200,220)	-
Payments for intangibles	13	(100,000)	-
Proceeds from sale of other financial assets	11	-	690,893
Cash acquired from business combination	26	-	41,431
Net cash from/(used in) investing activities		(300,220)	732,324
Cash flows from financing activities			
Proceeds from issue of shares	18	-	995,212
Proceeds from borrowings		18,758	-
Repayment of borrowings		(5,347)	-
Share issue transaction costs	18	-	(107,514)
Repayment of borrowings acquired through business combination.	26	-	(228,750)
Net cash from financing activities		13,411	658,948
Net decrease in cash and cash equivalents		(1,449,906)	(1,192,143)
Cash and cash equivalents at the beginning of the financial year		1,806,019	2,998,162
Cash and cash equivalents at the end of the financial year	8	356,113	1,806,019

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There were no new mandatory Accounting Standards and Interpretations adopted during the reporting period that had a material impact.

There are a number of new accounting standards, interpretations and amendments that have been issued but are not yet effective. None of these new accounting standards, interpretations and amendments are expected to have a material impact on the financial statements of the group in the period of initial application.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(a) Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. The financial statements are presented in Australian dollars, which is SQID Technologies Limited's functional and presentation currency. The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Significant accounting estimates and judgements
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

For the year ended 31 December 2022, the Group recorded revenue from contracts with customers of $1,210,299, incurred a net loss of $1,212,644 and had operating cash outflows of $1,163,097. As at 31 December 2022, the Group had cash and cash equivalent balances of $356,113, net current assets of $130,618 and net tangible assets of $313,129.

Based on current operating cash flow projections, the Directors anticipate the 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:

- as a listed entity, the Company has access to capital market funding options,
- the Company has engaged Shape Capital Pty Ltd to raise up to $1.5m working capital funding, and
- the Company continues to assess 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.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Note 1. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SQID Technologies Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. SQID Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Sponsorship revenue is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. Contacts may include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the relative stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue recognised at a point of time includes commission, merchandise and other revenue including prize money. Commission revenue is based on a percentage of the value of the transaction processed. Revenues are recognised at the point of time that performance obligations are met and/or when the goods and services are provided to the customer.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

SQID Technologies Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Equity accounting (Associates)
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 1. Significant accounting policies (continued)

Impairment of financial assets
The group applies the simplified approach under AASB 9 to determine an allowance for expected credit losses on trade receivables. Under the AASB 9 simplified approach, the group determines the loss allowance for trade receivables (either on an individual or collective basis) on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the credit losses that are expected to result from default events over the expected life of the financial asset.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts (Sponsorships)
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life.

Cryptocurrencies under development
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.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent unpaid liabilities for goods and services provided to the Group prior to the end of the financial year. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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 are 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.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares, warrants or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 1. Significant accounting policies (continued)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of SQID Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. Refer to note 9 'Receivables'.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured 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; and
- Level 3: Unobservable inputs for the asset or liability.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. Refer to note 21 'Fair value measurement'.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Estimates regarding the useful life of intangible assets are included in note 13.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The asset is impaired when the recoverable amount exceeds the carrying value. Refer to note 13 'Intangibles'.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer to note 7 'Income tax'.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. Refer to note 26 'Business combinations'.

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 year ended 31 December 2022 approximately 9.2% (2021: 13.3%) of the Group's external revenue was derived from a single sponsorship contract.

Operating segment information

Consolidated - 31 Dec 2022	Payment Solutions $	Esports and Gaming $	Corporate asset management $	Total $
Revenue *				
Revenue from contracts with customers	175,023	1,035,276	-	1,210,299
	175,023	1,035,276	-	1,210,299
Interest revenue	-	-	10	10
R&D tax incentive	-	-	129,208	129,208
Total revenue	175,023	1,035,276	129,218	1,339,517
EBITDA **	99,772	(705,100)	(446,845)	(1,052,173)
Depreciation and amortisation	-	(60,000)	-	(60,000)
Impairment losses	-	-	(100,000)	(100,000)
Finance costs	-	(471)	-	(471)
Profit/(loss) before income tax expense	99,772	(765,571)	(546,845)	(1,212,644)
Income tax expense				-
Loss after income tax expense				(1,212,644)
Assets				
Segment assets	2,325	557,647	247,818	807,790
Total assets				807,790
Liabilities				
Segment liabilities	18,374	396,436	79,851	494,661
Total liabilities				494,661

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2021	Payment Solutions $	Esports and Gaming $	Corporate asset management $	Total $
Revenue *				
Revenue from contracts with customers	272,154	743,315	-	1,015,469
	272,154	743,315	-	1,015,469
Government assistance (COVID-19)	12,000	-	-	12,000
Fair value losses on financial assets	-	-	(171,800)	(171,800)
Interest revenue	-	-	84	84
Total revenue	284,154	743,315	(171,716)	855,753
EBITDA **	(610,054)	(685,610)	(704,966)	(2,000,630)
Depreciation and amortisation	-	(501,730)	-	(501,730)
Impairment losses	(12,500)	(739,574)	(45,238)	(797,312)
Loss before income tax expense	(622,554)	(1,926,914)	(750,204)	(3,299,672)
Income tax expense				(121,442)
Loss after income tax expense				(3,421,114)
Assets				
Segment assets	163,850	1,572,991	412,188	2,149,029
Total assets				2,149,029
Liabilities				
Segment liabilities	18,374	501,208	103,674	623,256
Total liabilities				623,256

* ***Revenue comprises "****Total revenue and other income"*
** ***EBITDA*** *comprises "Earnings before interest, tax, depreciation, amortisation and impairments"*

Note 4. Revenue from contracts with customers

	Consolidated	
	31 Dec 2022 $	**31 Dec 2021 $**
Transaction fees	-	199,034
Chargeback fees	-	6,965
Commission *(recognised at a point in time)*	175,023	66,155
Total payment solutions revenue	175,023	272,154
Sponsorship and partnerships *(transferred over time)*	710,204	620,119
Merchandise and IP branding *(recognised at a point in time)*	71,287	24,840
Prize money and other competition earnings *(recognised at a point in time)*	223,395	93,497
Other *(recognised at a point in time)*	30,390	4,859
Total esports and gaming revenue	1,035,276	743,315
	1,210,299	1,015,469

Note 5. Impairment losses

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Other receivables	-	12,500
Intangible assets - goodwill	-	739,574
Intangible assets - cryptocurrencies under development	100,000	-
Equity accounted investments (Associates)	-	45,238
	100,000	797,312

Note 6. Expenses

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Loss before income tax includes the following specific expenses:		
Direct costs against contracts with customers comprise:		
Purchases and other direct costs	768,571	909,949
Decrease / (increase) in the value of inventory	67,557	(67,557)
	836,128	842,392
Defined contribution superannuation expense	44,984	53,314
Employee benefits expense excluding superannuation	467,368	427,212
Total employee benefits expense	512,352	480,526

Note 7. Income tax

	Consolidated	
	31 Dec 2022	31 Dec 2021
	$	$
Income tax expense		
Deferred tax - origination and reversal of temporary differences	-	121,442
Aggregate income tax expense	-	121,442
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	-	121,442
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,212,644)	(3,299,672)
Tax at the statutory tax rate of 25% (2021: 26%)	(303,161)	(857,915)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	15,000	130,450
Impairment of goodwill	-	192,289
Impairment of other intangible assets	25,000	-
	(263,161)	(535,176)
Current year tax losses not recognised	263,161	535,176
Derecognition of deferred tax assets of prior periods	-	121,442
Income tax expense	-	121,442

	Consolidated	
	31 Dec 2022	31 Dec 2021
	$	$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	4,314,800	3,262,202
Potential tax benefit @ 25%	1,078,700	815,551

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The income tax rates are as prescribed by the Australian Tax Office.

There are no franking credits available.

Note 8. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	31 Dec 2021
	$	$
Current assets		
Cash at bank and on hand	356,113	1,806,019
Cash at bank includes the following balances on behalf of merchants		
Merchant bonds (refer note 16 'Merchant liabilities')	18,374	18,374

Note 9. Receivables

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Current assets		
Receivables from contracts with customers	210,606	88,678
Other receivables	20,093	61,082
	230,699	149,760

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.

Allowance for expected credit losses
During the year the amounts written off were:
* contracts receivable from customers $nil. (31 December 2021: $nil).
* other receivables $nil (31 December 2021: $12,500).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 Dec 2022	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Consolidated	**%**	**%**	**$**	**$**	**$**	**$**
Not overdue	-	-	228,141	90,882	-	-
0 to 3 months overdue	-	-	-	58,878	-	-
3 to 6 months overdue	-	-	2,200	-	-	-
Over 6 months overdue	-	-	358	-	-	-
			230,699	149,760	-	-

Note 10. Inventories

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Current assets		
Finished goods - at cost	-	67,557

Note 11. Other financial assets

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
Current assets		
Listed securities	-	-
Non-current assets		
Unlisted securities	200,220	-
	200,220	-

Refer to note 21 'Fair value measurement' for further information.

Note 11. Other financial assets (continued)

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 [a]	Unlisted securities [b] [c]	Total
Consolidated - 2022			
Balance as at 1 January 2021	-	-	-
Additions	-	200,220	200,220
	-	200,220	200,220
Consolidated - 2021			
Balance as at 1 January 2021	354,000	553,931	907,931
Disposal proceeds	(690,893)	-	(690,893)
Fair value gains / (losses) through profit or loss	336,893	(508,693)	(171,800)
Transfer to equity accounted investments (Associates)	-	(45,238)	(45,238)
	-	-	-

(a) **Listed securities:** On 7 December 2020, the Group invested $240,000 in Cirralto Ltd (ASX:CRO) share placement and received 1 free listed option for every 4 placement shares. The listed securities were sold during the previous reporting period.

(b) U**nlisted securities:** On 2 October 2020, the Group invested A$402,859 (CAD$380,000) in shares and warrants issued by Vello Technologies Inc ('Vello'). During the previous reporting period fair value losses reduced the carrying value of Vello to A$45,238 which was subsequently transferred to investments accounted for in accordance with the equity accounting investment policy. Refer note 12 'Investments accounted for using the equity method'.

(c) **Unlisted securities:** On 2 February 2022, the Group acquired 4,260,000 fully paid ordinary shares and 1,065,000 options in MSM Corporation International Limited (MSMCI) 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 21 for further information on fair value measurement.

Note 12. Investments accounted for using the equity method

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**31 Dec 2022 %**	**31 Dec 2021 %**
Vello Technologies Inc. (ordinary shares)	Canada	21.00%	21.00%

Vello Technologies Inc. was reclassified to equity accounted investments from financial assets during the previous financial year as the Company's holdings increased to 21.1% of ordinary shares on issue. During the year ended 31 December 2021 the carrying amount of Vello Technologies Inc. was fully impaired.

As at 31 December 2022 the carrying amount of the interest in the associate was $nil measured on an equity accounting basis.

Note 13. Intangibles

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Non-current assets		
Goodwill - at cost	739,574	739,574
Less: Impairment	(739,574)	(739,574)
	-	-
Sponsorship and membership contracts(1)	561,730	561,730
Less: Accumulated amortisation	(561,730)	(501,730)
	-	60,000
Cryptocurrencies under development	100,000	-
Less: Impairment	(100,000)	-
	-	-
	-	60,000

(1) Sponsorship contracts acquired in the prior year were amortised over the term of the sponsorship agreements, in line with recognition of related sponsorship revenue.

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

Consolidated	Goodwill $	Sponsorship and membership contracts $	Cryptocurrencies under development ** $	Total $
Balance at 1 January 2022	-	60,000	-	60,000
Additions	-	-	100,000	100,000
Impairment of assets	-	-	(100,000)	(100,000)
Amortisation expense	-	(60,000)	-	(60,000)
Balance at 31 December 2022	-	-	-	-

** 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. As at 31 December 2022 this investment was fully impaired.

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

	Goodwill* $	Sponsorship and membership contracts** $	Total
Balance at 1 January 2021	-	-	-
Additions through business combinations (note 26)	739,574	561,730	1,301,304
Amortisation	-	(501,730)	(501,730)
Impairment of assets (note 5)	(739,574)	-	(739,574)
Balance at 31 December 2021	-	60,000	60,000

Note 13. Intangibles (continued)

* Goodwill recognised represents residual unidentifiable intangibles included in the purchase consideration for the controlling interest in Icon Esports Pty Ltd representing the esports and gaming business segment. See note 26 'Business combinations'.

** Upon acquisition of the Group's controlling interest in ICON Esports Pty Ltd sponsorship and membership contract balances were recognised as identifiable intangibles at fair value and are being amortised over the average remaining life of the underlying contracts being less than 12 months. See note 26 'Business combinations'.

Note 14. Trade and other payables

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Current liabilities		
Trade payables	55,177	82,578
Other payables	291,218	317,557
	346,395	400,135

Note 15. Employee provisions

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Current liabilities		
Annual leave	89,265	69,165
Non-current liabilities		
Long service leave	17,709	18,082
	106,974	87,247

Note 16. Merchant liabilities

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Current liabilities		
Merchant bonds	18,374	18,374

Merchant bonds are held as security against possible chargebacks against merchant payments processed.

Note 17. Contract liabilities

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Current liabilities		
Esports and gaming revenue received in advance	9,507	117,500

Note 18. Issued capital

	Consolidated			
	31 Dec 2022 Shares	**31 Dec 2021 Shares**	**31 Dec 2022 $**	**31 Dec 2021 $**
Ordinary shares - fully paid	14,416,827	14,416,827	8,824,267	8,824,267

Movements in ordinary share capital for the prior year

Details	**Date**	**Shares**	**Issue price $A**	**$**
Balance	1 January 2021	7,973,456		6,855,020
Shares issued to acquire non-controlling interests pursuant to a share purchase agreement. (i)	25 October 2021	3,333,333	$0.32	1,081,549
Shares and warrants issued pursuant to a private placement (ii)	19 November 2021	3,110,038	$0.32	995,212
Shares issue cost (iii)	Various	-	$0.00	(107,514)
Balance	31 December 2021	14,416,827		8,824,267

(i) On 1 February 2021, the Group obtained a 50% controlling interest in ICON Esports Pty Ltd (ICON). Refer note 26 'Business combinations'.

On 25 October 2021, the Group acquired the non-controlling interests pursuant to a share purchase agreement whereby the Parent Entity issued 3,333,333 ordinary shares as consideration. The shares issued had a fair value of $1,081,549 (A$0.32 per share) which was $533,093 higher than the non-controlling interests as at the transaction date. The difference was recorded in a common control reserve.

(ii) The Group completed a non-brokered private placement and issued 3,110,038 SQID units ("Units") at a price of CAD$0.30 (A$0.32) per Unit.

Each Unit comprised one ordinary share and one share purchase warrant. Each warrant entitles the holder to acquire one ordinary share up to the expiry date of 18 November 2024 at an exercise price of CAD$0.45. There was no value attributed to the warrants.

The increase in share capital comprised the share issue proceeds of $995,212.

(iii) The share issue costs comprised:
* commissions paid to a related party $80,000. (Refer note 24 'Related party transactions') and
* legal and other fees paid $27,514.

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.

Options and share warrants
Information relating to options, including details of options and share warrants issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out below.

Note 18. Issued capital (continued)

(i) Movements in options and share warrants

	Number of options	Number of share warrants	Share based payment reserve $
Balance as at 1 January 2021	200,000	-	45,639
13 Aug 2020 - Issue of fully vested advisor options *(Exercise price CAD$0.80. Expiry date 12 Aug 2021.)*	(200,000)	-	(45,639)
19 Nov 2021 - Issue of warrants to private placement participants. *(Exercise price CAD$0.45. Expiry date 18 Nov 2024.)*	-	3,110,038	-
Balance as at 31 December 2021	-	3,110,038	-
Balance as at 1 January 2022	-	3,110,038	-
Balance as at 31 December 2022	-	3,110,038	-

Note 19. Reserves

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Common control reserve	(532,105)	(532,105)

Nature and purpose of reserves

Common control reserve
The common control reserve recognises differences arising from the fair value of the shares issued in consideration for the acquisition of the non-controlling interests in ICON Esports Pty Ltd (ICON). Refer to note 18 'Issued capital'.

Note 20. 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 relates to investments held and classified in the statement of financial position as listed and unlisted equities at fair value through profit or loss. The impact of 10% increase or decrease in security prices on the Group's loss before tax and net assets is set out below.

Note 20. Financial instruments (continued)

	Average price increase			Average price decrease		
Consolidated - 31 Dec 2022	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Unlisted securities (1)	10%	20,022	20,022	10%	(20,022)	(20,022)

(1) The group did not hold any listed or unlisted investments at the comparative balance date of 31 December 2021.

Interest rate risk
The Group does not have a significant exposure to interest rate risk. The exposure includes cash and cash equivalent balances and incidental fixed interest rate borrowings.

Credit risk
Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as customer contract credit exposures to customers.

(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.

(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.

Allowance for expected credit losses
The Group has recognised a loss of $nil (31 December 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 December 2021: $12,500) in profit or loss in respect of losses arising from a one-off loan classified as other receivables.

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

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

Note 20. Financial instruments (continued)

Financing arrangements
As at 31 December 2022 there were no unused borrowing facilities available.

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 Dec 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						
Non-interest bearing						
Trade and other payables	-	346,395	-	-	-	346,395
Merchant liabilities	-	18,374	-	-	-	18,374
Interest-bearing - fixed rate						
Borrowings	9.00%	13,411	-	-	-	13,411
Total non-derivatives		378,180	-	-	-	378,180

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						
Non-interest bearing						
Trade and other payables	-	400,135	-	-	-	400,135
Merchant liabilities	-	18,374	-	-	-	18,374
Total non-derivatives		418,509	-	-	-	418,509

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.

Note 21. 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 Dec 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss				
Unlisted securities *	-	200,220	-	200,220
Total assets	-	200,220	-	200,220

Note 21. Fair value measurement (continued)

There were no transfers between levels during the financial year.

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.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments fair value is based on recent capital raisings by the investee company.

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.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	31 Dec 2022 $	**31 Dec 2021 $**
Short-term employee benefits (1)	512,520	708,005
Post-employment benefits	10,250	8,958
Other long-term employment benefits	(277)	1,112
	522,493	718,075

(1) Short-term employee benefits includes $407,250 (2021: $609,287) paid to contractors.

Note 22. Key management personnel disclosures (continued)

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Amounts payable to entities controlled by key management personnel	-	69,391

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Group:

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Audit services - Pitcher Partners		
Audit or review of the financial statements	54,000	63,000
Other services - Pitcher Partners		
Taxation services - SQID	12,060	17,730
Taxation services - ICON	18,413	5,310
	30,473	23,040
	84,473	86,040

Note 24. Related party transactions

Parent entity
SQID Technologies Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Associates
Interests in associates are set out in note 12.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Consulting fees paid to Shape Capital Pty Ltd (i)	120,000	120,000
Consulting fees paid to Kribe Konsulting (ii)	13,333	33,333
Consulting fees paid to John O'Connor (iii)	-	10,000
Success fee paid to Shape Capital Pty Ltd relating to the initial Icon Esports Pty Ltd investment	-	129,000
Share placement (investor) finders' fee paid Shape Capital Pty Ltd	-	80,000

Note 24. Related party transactions (continued)

(i) Shape Capital Pty Ltd (Shape) is controlled by Anoosh Manzoori, who is also CEO / Chair of SQID's largest shareholder, First Growth Funds Limited.

During the current and previous reporting periods Shape was contracted to provide professional and advisory services to the parent entity board for a fee of $10,000 per month.

(ii) Kribe Konsulting (2021: Dixon Family Trust) is controlled by Ben Dixon who is a director of Icon Esports Pty Ltd, a wholly owned subsidiary.

During the reporting period Kribe Konsulting was engaged to provide advice and leads for the payment solutions business for a fee of $3,333 per month. This arrangement ceased in April 2022.

(iii) Former Director John O'Connor (resigned 2 March 2021) had a consulting contract to the parent entity board to provide advisory services around KPIs, revenue targets, financial analysis, technology and staffing.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2022 $	**31 Dec 2021 $**
Current payables:		
Trade payables to key management personnel (excluding non-executive directors)	25,062	-
Trade payables to non-executive directors	6,666	-
Trade payables to Shape Capital Pty Ltd	11,000	11,000
Trade payables to Kribe Konsulting	5,500	3,667

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 Dec 2022 $	**31 Dec 2021 $**
Loss after income tax	(246,549)	(871,707)
Total comprehensive income	(246,549)	(871,707)

Note 25. Parent entity information (continued)

Statement of financial position

	Parent	
	31 Dec 2022	**31 Dec 2021**
	$	**$**
Total current assets	102,598	412,188
Total assets	3,534,369	3,643,741
Total current liabilities	79,851	103,674
Total liabilities	3,271,899	3,134,722
Equity		
Issued capital	8,824,267	8,824,267
Accumulated losses	(8,561,797)	(8,315,248)
Total equity	262,470	509,019

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2022 and 31 December 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 31 December 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Business combinations

There were no business combinations during the current reporting period. Details of business combinations completed during the previous financial reporting period are set out below.

On 1 February 2021, the Group subscribed to 2,150,000 new shares issued by ICON Esports Pty Ltd (ICON*)* representing 50% of the ICON shares on issue. The Group paid ICON a cash consideration of $2,150,000. The Group had a controlling interest in ICON as it had 50% of the voting rights and the ICON board comprised a majority of parent entity directors. Subsequently, on 25 October 2021, the Group acquired the remaining 50% of the ICON shares on issue.
Refer to note 3 'Operating segments' for details of the acquiree's contribution to Group revenue and results since acquisition.

Note 26. Business combinations (continued)

The goodwill on acquisition (see table below), represented various qualitative factors including expected synergies from combining the respective business operations and the increased capacity for revenue growth following the injection of the $2,150,000 purchase consideration into the business as working capital. The goodwill on acquisition was subsequently fully impaired during the previous financial reporting period.
The business combination disclosures below fell within the 12 month measurement period prescribed by AASB3 Business Combinations.

Details of the acquisition were as follows:

	Fair value 2021 $
Cash and cash equivalents	41,431
Other current assets	2,860
Sponsorship and membership contracts (intangibles identified)	561,730
Employee benefits	(184,839)
ATO Liabilities	(83,310)
Loans	(228,750)
Cash consideration paid by parent entity to ICON at acquisition date	2,150,000
Less non-controlling interests	(848,696)
Net assets acquired	1,410,426
Goodwill	739,574
Cash consideration paid by the parent entity to ICON at acquisition date	2,150,000

Note 27. 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 note 1:

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

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Loss after income tax expense for the year	(1,212,644)	(3,421,114)
Adjustments for:		
Depreciation and amortisation	60,000	501,730
Net fair value loss on other financial assets	-	171,800
Impairment reversals / losses	100,000	797,312
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	(80,939)	123,223
Decrease/(increase) in inventories	67,557	(67,557)
(Increase)/decrease in other current assets	44,935	39,360
(Increase)/decrease in payment processing security deposits	-	186,987
Decrease in deferred tax assets	-	121,442
Decrease in trade and other payables	(53,740)	(22,656)
Increase/(decrease) in employee benefits	19,727	(56,734)
(Decrease)/increase in merchant liabilities	-	(1,074,708)
Increase in contract liabilities	(107,993)	117,500
Net cash used in operating activities	(1,163,097)	(2,583,415)

Note 29. Non-cash investing and financing activities

On 25 October 2021, the Group acquired the non-controlling interests in Icon Esports Pty Ltd pursuant to a share purchase agreement whereby the Parent Entity issued 3,333,333 ordinary shares as consideration. The shares issued had a fair value of $1,081,549 (A$0.32 per share). Refer note 18 'Issued capital'. The fair value of the shares issued to acquire the non-controlling interests was determines with reference to the share issue price used for the private share placement which opened on 6 October 2021 and completed on 19 November 2021.

Note 30. Earnings per share

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Loss after income tax	(1,212,644)	(3,421,114)
Non-controlling interest	-	299,252
Loss after income tax attributable to the owners of SQID Technologies Limited	(1,212,644)	(3,121,862)

	Cents	Cents
Basic earnings per share	(8.41)	(34.84)
Diluted earnings per share	(8.41)	(34.84)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	14,416,827	8,960,849
Weighted average number of ordinary shares used in calculating diluted earnings per share	14,416,827	8,960,849

Note 31. Events after the reporting period

No matter or circumstance has arisen since 31 December 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
31 December 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial 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 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Athan Lekkas
Director

23 March 2023

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

Opinion

We have audited the financial report of SQID Technologies Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 $1,212,644 and net operating cash outflows of $1,163,097 for the year ended 31 December 2022, and that 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 and 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of financial assets Refer to note 11 and note 22	
The Group investments in unlisted securities expose it to a number of financial risks, including market risk, credit risk and liquidity risk. As at 31 December 2022 the carrying value of the group's investments in unlisted securities was $200,220, comprising of a single investment. This investment is carried at fair value through profit or loss. This is assessed as a key audit matter due to: • The significance of the balance, representing 31% of total assets; • The significant judgements and assumptions required for inputs used in the valuation of the unlisted investments under a level 2 fair value methodology; and • Complexity associated with the accounting for these financial assets.	Our audit procedures included, amongst others: • Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the valuation of financial assets; • Examining support for assumptions applied by management, namely the fair value per security held, in deriving the valuation of unlisted securities using level 2 (observable) inputs; • Assessing the adequacy of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included within the same document as the Group's financial report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
23 March 2023