

SQID Technologies Limited

ABN 44 121 655 472

Condensed Interim Financial Report - 30 June 2023

SQID Technologies Limited
Corporate directory
30 June 2023

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
30 June 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SQID Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

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

Athan Lekkas
Michael Clarke
Andrew Sterling

Principal activities

During the financial half-year, the principal activities of the Group were:

- payment solutions via its leading partner platform providing merchant services and transaction processing to business merchants and ecommerce customers across both Business to Business (B2B) and Business to Consumer (B2C) segments; and
- esports and gaming operations through its wholly owned subsidiary ICON Esports Pty Ltd (ICON).

During the reporting period, the Group commenced discussions to divest ICON. On 3 August 2023, the Group confirmed the ICON divestment. As at 30 June 2023 the ICON assets and directly associated liabilities are classified as "held for sale" and its operations are classified as "discontinued"

There were no other changes to the principal activities during the reporting period.

Dividends

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

Review of operations

The net loss for the half-year was \$376,220 (2022: \$710,749) comprising losses from continuing operations of \$63,233 (2022: \$144,084) and losses from discontinued operations (ICON) of \$312,987 (2022: \$566,665).

The loss from continuing operations includes:

- * Revenue from contracts with customers \$109,323 (2022: \$75,197)
- * Total expenses \$172,558 (2022 : \$348,496).

The improved result from continuing operations is largely due to increased revenue together with a hold on discretionary spending and the Directors and CFO forgiving their normal remuneration entitlements from 1 April 2023 until the end of the reporting period.

As at 30 June 2023, the Group's cash and cash equivalents balance was \$44,510 (31 December 2022: \$356,113) which excludes cash included in current assets of a disposal group held for sale (ICON) totalling \$43,933 (31 December 2022: \$nil).

Total net cash outflows from operating activities at \$256,272 (2022: \$709,484) include cash outflows from discontinued operations of \$270,710 (2022: \$675,170).

Total net cash outflows from investing activities at \$nil (2022 : \$300,220) entirely relate to continuing activities. The continuing investing activities and performance are described below.

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- On 2 February 2022, the Group acquired 4,260,000 fully paid ordinary shares at \$0.0470 per share 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. MSMCI has since raised capital to fund growth at prices similar to the SQID's entry price.
- On 24 March 2022, the Group invested A\$100,000 in a cryptocurrency ITO undertaken by tagSpace which was subsequently fully impaired whilst investment monitoring is ongoing.
- On 5 April 2023, Shirley Uranium Inc (formerly Vello Technologies Inc) announced that the Company would be dissolved after an "in-specie" distribution of shares in Sienna Mining Limited to shareholders. SQID now holds 1,079,545 shares (4.55%) in Sienna Mining Limited which holds land positions in prospective uranium mining geology in Tanzania. The Group's Vello Technologies Inc investment was previously fully impaired and at this stage it is too early to put a value on the Sienna Mining Limited holding.

Net cash flows from financing activities were \$11,398 (2022:\$nil). The current year relates to incidental borrowings associated with discontinued operations.

The Group statement of financial position shows a total deficiency of \$63,091 (31 December 2022: \$313,129 equity).

As at 30 June 2023 ICON ("the disposal group") had net liabilities totalling \$224,958 comprising assets held for sale \$138,972 and directly associated liabilities \$363,930.

The ICON divestment (announced 3 August 2023) unencumbers the Group's statement of financial position and ability to conduct a strategic review of the payment solution business and investment portfolio.

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 half-year.

Matters subsequent to the end of the financial half-year

On 3 August 2023, the Company announced that it had entered a share sale agreement (at arm's length) with BLSS Holdings Pty Ltd. ("BLSS") whereby subject to Completion BLSS will acquire 100% of ICON Esports Pty Ltd share capital. SQID will be entitled to a share of EBITDA generated by ICON for three calendar years following Completion Date. The EBITDA share is 10% in the first and second calendar years and 8% in the third calendar year. In addition to the share of future EBITDA the Company will receive \$1 consideration upon completion.

ICON is a leading Australia & New Zealand esports and gaming organisation, focussed on the commercial landscape of the Oceanic market through brand driven marketing campaigns, partnerships, and merchandise to their esports and gaming audience.

Given ICON's history of losses, it is not possible to value the Company's rights to a share of future earnings. However, as at the end of the half-year ICON's net liabilities were \$224,958 and consequently a gain on disposal is expected to be recorded in the second half of the financial year at the time of completion.

No other matter or circumstance has arisen since 30 June 2023 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.

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.

SQID Technologies Limited
Directors' report
30 June 2023

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

A handwritten signature in black ink, appearing to be 'AL', written over a light blue horizontal line.

Athan Lekkas
Director

29 August 2023

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

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 30 June 2023, to the best of my knowledge and belief there have been:

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

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

Pitcher Partners
PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
29 August 2023

SQID Technologies Limited

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General information

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

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

Level 14
440 Collins Street
Melbourne VIC 3000

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

SQID Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

	Note	Consolidated 30 June 2023 \$	30 June 2022 \$
Revenue from continuing operations			
Revenue and other revenue from contracts with customers	3	109,323	75,197
R&D tax incentive		-	129,208
Interest income		2	7
Expenses			
Consultancy fees		(112,800)	(220,837)
Listing and registry expenses		(14,834)	(23,082)
Non-executive director fees		(10,000)	(40,000)
Professional fees - other		(27,360)	(58,316)
Other expenses		(7,564)	(6,261)
Total expenses		<u>(172,558)</u>	<u>(348,496)</u>
Loss before income tax expense from continuing operations		(63,233)	(144,084)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(63,233)	(144,084)
Loss after income tax expense from discontinued operations	4	<u>(312,987)</u>	<u>(566,665)</u>
Loss after income tax expense for the half-year attributable to the owners of SQID Technologies Limited		(376,220)	(710,749)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of SQID Technologies Limited		<u>(376,220)</u>	<u>(710,749)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(63,233)	(144,084)
Discontinued operations		<u>(312,987)</u>	<u>(566,665)</u>
		<u>(376,220)</u>	<u>(710,749)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of SQID Technologies Limited			
Basic earnings per share	10	(0.44)	(1.00)
Diluted earnings per share	10	(0.44)	(1.00)
Earnings per share for loss from discontinued operations attributable to the owners of SQID Technologies Limited			
Basic earnings per share	10	(2.17)	(3.93)
Diluted earnings per share	10	(2.17)	(3.93)
Earnings per share for loss attributable to the owners of SQID Technologies Limited			
Basic earnings per share	10	(2.61)	(4.93)
Diluted earnings per share	10	(2.61)	(4.93)

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

SQID Technologies Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated	31 Dec 2022
		30 June 2023	\$
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		44,510	356,113
Receivables		20,062	230,699
Other current assets		-	20,758
		<u>64,572</u>	<u>607,570</u>
Assets of a disposal group classified as held for sale	5	138,972	-
Total current assets		<u>203,544</u>	<u>607,570</u>
Non-current assets			
Other financial assets	8	<u>200,220</u>	<u>200,220</u>
Total non-current assets		<u>200,220</u>	<u>200,220</u>
Total assets		<u>403,764</u>	<u>807,790</u>
Liabilities			
Current liabilities			
Trade and other payables		84,551	346,395
Borrowings		-	13,411
Employee provisions		-	89,265
Merchant liabilities		18,374	18,374
Contract liabilities		-	9,507
		<u>102,925</u>	<u>476,952</u>
Liabilities directly associated with a disposal group classified as held for sale	6	363,930	-
Total current liabilities		<u>466,855</u>	<u>476,952</u>
Non-current liabilities			
Employee provisions		-	17,709
Total non-current liabilities		<u>-</u>	<u>17,709</u>
Total liabilities		<u>466,855</u>	<u>494,661</u>
Net assets/(liabilities)		<u>(63,091)</u>	<u>313,129</u>
Equity			
Issued capital	7	8,824,267	8,824,267
Reserves		(532,105)	(532,105)
Accumulated losses		<u>(8,355,253)</u>	<u>(7,979,033)</u>
Total equity/(deficiency)		<u>(63,091)</u>	<u>313,129</u>

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

SQID Technologies Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2023

Consolidated	Issued capital \$	Common control reserve \$	Accumulated losses \$	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 half-year	-	-	(710,749)	(710,749)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(710,749)	(710,749)
Balance at 30 June 2022	<u>8,824,267</u>	<u>(532,105)</u>	<u>(7,477,138)</u>	<u>815,024</u>

Consolidated	Issued capital \$	Common control reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2023	8,824,267	(532,105)	(7,979,033)	313,129
Loss after income tax expense for the half-year	-	-	(376,220)	(376,220)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(376,220)	(376,220)
Balance at 30 June 2023	<u>8,824,267</u>	<u>(532,105)</u>	<u>(8,355,253)</u>	<u>(63,091)</u>

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

SQID Technologies Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		492,783	344,208
Payments to suppliers and employees		(748,380)	(1,182,907)
		(255,597)	(838,699)
Interest received		2	7
Interest and other finance costs paid		(677)	-
R&D Tax incentive		-	129,208
Net cash used in operating activities		(256,272)	(709,484)
Cash flows from investing activities			
Payments for investments		-	(200,220)
Payments for intangibles		-	(100,000)
Net cash used in investing activities		-	(300,220)
Cash flows from financing activities			
Repayment of borrowings		(11,398)	-
Net cash used in financing activities		(11,398)	-
Net decrease in cash and cash equivalents		(267,670)	(1,009,704)
Cash and cash equivalents at the beginning of the financial half-year		356,113	1,806,019
Transfer to assets held for sale	5	(43,933)	-
Cash and cash equivalents at the end of the financial half-year		<u>44,510</u>	<u>796,315</u>

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

SQID Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Discontinued operations (initial application of accounting policy)

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Assets and liabilities held for sale are measured at the lower of fair value or carrying value on a non-recurring basis.

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.

Going concern

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

For the half-year ended 30 June 2023, the Group incurred a net loss of \$376,220 (2022: \$710,749) comprising losses from continuing operations of \$63,233 (2022: \$144,084) and from discontinued operations of \$312,987 (2022: \$566,665). Total net cash used in operating activities (continuing and discontinued) was \$256,272 (2022: \$709,484).

As at 30 June 2023 the Group had a net working capital deficiency of \$263,311 (2022:\$130,618 surplus) and net tangible liabilities of \$63,091 (31 December 2022: \$313,129 net assets).

As at 30 June 2023, the Group was negotiating the divestment of its esports and gaming interests held by Icon Esports Pty Ltd (ICON) The statement of financial position shows ICON had net liabilities totalling \$224,958 comprising assets held for sale \$138,972 and directly associated liabilities \$363,930. Had the divestment been completed by 30 June 2023, the statement of financial position would show positive net assets with a reduced working capital deficiency.

SQID Technologies Limited
Notes to the consolidated financial statements
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Note 1. Material accounting policy information (continued)

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

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, SQID has access to capital market funding options,
- the disposal of Icon Esports Pty Ltd subsequent to the end of the reporting period, has unencumbered SQID's financial position and ability to pursue strategic initiatives,
- the Directors and CFO have forgiven their normal remuneration entitlements from 1 April 2023 until the end of the reporting period. Thereafter the remuneration of the Directors and CFO will form part of a strategic review of SQID's payment solution business and its investment portfolio.

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

Note 2. Operating segments

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

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

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

SQID Technologies Limited
Notes to the consolidated financial statements
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Note 2. Operating segments (continued)

Operating segment information

	Payment Solutions	Esports and Gaming (disposal group held for sale)	Corporate asset management	Total
Consolidated - 30 June 2023	\$	\$	\$	\$
Revenue *				
Revenue from contracts with customers	109,323	200,910	-	310,233
	109,323	200,910	-	310,233
Interest revenue	-	-	2	2
Total revenue	109,323	200,910	2	310,235
EBITDA **	92,067	(312,310)	(155,300)	(375,543)
Finance costs	-	(677)	-	(677)
Profit/(loss) before income tax expense	92,067	(312,987)	(155,300)	(376,220)
Income tax expense				-
Loss after income tax expense				(376,220)
Assets				
Segment assets	2,607	138,972	262,185	403,764
Total assets				403,764
Liabilities				
Segment liabilities	18,374	363,930	84,551	466,855
Total liabilities				466,855

* **Revenue comprises "Total revenue and other income"**

** **EBITDA comprises "Earnings before applicable interest, tax, depreciation, amortisation and impairments"**

SQID Technologies Limited
Notes to the consolidated financial statements
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Note 2. Operating segments (continued)

	Payment Solutions \$	Esports and Gaming (disposal group held for sale) \$	Corporate asset management \$	Total \$
Consolidated - 30 June 2022				
Revenue *				
Revenue from contracts with customers	75,197	330,741	-	405,938
Total sales revenue	75,197	330,741	-	405,938
Interest revenue	-	-	7	7
R&D tax incentive	-	-	129,208	129,208
Total revenue	75,197	330,741	129,215	535,153
EBITDA **				
Depreciation and amortisation	40,347	(506,665)	(184,431)	(650,749)
Profit/(loss) before income tax expense	40,347	(566,665)	(184,431)	(710,749)
Income tax expense				-
Loss after income tax expense				(710,749)
Consolidated - 31 Dec 2022				
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

* **Revenue comprises "Total revenue and other income"**

** **EBITDA comprises "Earnings before applicable interest, tax, depreciation, amortisation and impairments"**

Note 3. Revenue from contracts with customers from continuing operations

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Commission (recognised at a point in time)</i>	<u>(109,323)</u>	<u>(75,197)</u>

Note 4. Discontinued operations

Description

During the reporting period, the Group commenced discussions to divest its esports and gaming operations held by its wholly owned subsidiary ICON Esports Pty Ltd (ICON). On 3 August 2023, the Group confirmed the ICON divestment.

As at 30 June 2023 the ICON assets and directly associated liabilities are classified as "held for sale" and its operations classified as "discontinued".

SQID Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 4. Discontinued operations (continued)

Financial performance information

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Revenue from contracts with customers	200,910	330,741
Direct costs	(209,756)	(400,938)
Gross profit / (loss)	<u>(8,846)</u>	<u>(70,197)</u>
Employee benefits	(223,207)	(260,434)
Professional fees	(11,240)	(21,299)
Marketing	(22,769)	(63,726)
Consultancies	(15,000)	(10,000)
IT and hosting costs	(8,307)	(10,901)
Depreciation and amortisation expense	-	(60,000)
Other expenses	(22,941)	(70,108)
Finance costs	(677)	-
Total expenses	<u>(304,141)</u>	<u>(496,468)</u>
Loss before income tax expense	(312,987)	(566,665)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(312,987)</u>	<u>(566,665)</u>

Cash flow information

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Net cash used in operating activities	(270,710)	(675,170)
Net cash used in financing activities	(11,398)	-
Net decrease in cash and cash equivalents from discontinued operations	<u>(282,108)</u>	<u>(675,170)</u>

Note 5. Assets of a disposal group classified as held for sale

	Consolidated	
	30 June 2023	31 Dec 2022
	\$	\$
<i>Current assets</i>		
Cash and cash equivalents	43,933	-
Receivables	82,830	-
Other current assets	12,209	-
	<u>138,972</u>	<u>-</u>

SQID Technologies Limited
Notes to the consolidated financial statements
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Note 6. Liabilities directly associated with a disposal group classified as held for sale

	Consolidated	
	30 June 2023	31 Dec 2022
	\$	\$
<i>Current liabilities</i>		
Trade and other payables	192,814	-
Revenue received in advance	64,250	-
Current borrowings	2,013	-
Current provisions (employee)	88,563	-
Non-current provisions (employee)	16,290	-
	<u>363,930</u>	<u>-</u>

Note 7. Issued capital

	Consolidated			
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>14,416,827</u>	<u>14,416,827</u>	<u>8,824,267</u>	<u>8,824,267</u>

Ordinary share rights

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

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

Capital management

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

Note 8. Fair value measurement

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.

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 - 30 June 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets at fair value through profit or loss</i>				
Unlisted securities	-	200,220	-	200,220
Total assets	<u>-</u>	<u>200,220</u>	<u>-</u>	<u>200,220</u>

SQID Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 8. Fair value measurement (continued)

Consolidated - 31 Dec 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Listed securities	-	200,220	-	200,220
Total assets	-	200,220	-	200,220

Assets and liabilities held for sale are measured at the lower of fair value or carrying value on a non-recurring basis.

There were no transfers between levels during the financial half-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

Unquoted investments fair value is based on recent capital raisings proposed and completed 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.

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.

Note 9. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2023 %	31 Dec 2022 %
SQID Payments Pty Ltd	Australia	100%	100%
ICON Esports Pty Ltd (<i>and wholly owned subsidiaries**</i>)	Australia	100%	100%
**Tainted Minds E-Sports Pty Ltd	Australia		
**The Chiefs Esports Pty Ltd	Australia		
** Team Icon Pty Ltd	Australia		

SQID Technologies Limited
Notes to the consolidated financial statements
30 June 2023

Note 10. Earnings per share

	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of SQID Technologies Limited	<u>(63,233)</u>	<u>(144,084)</u>
	Cents	Cents
Basic earnings per share	(0.44)	(1.00)
Diluted earnings per share	(0.44)	(1.00)
	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of SQID Technologies Limited	<u>(312,987)</u>	<u>(566,665)</u>
	Cents	Cents
Basic earnings per share	(2.17)	(3.93)
Diluted earnings per share	(2.17)	(3.93)
	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from all operations</i>		
Loss after income tax attributable to the owners of SQID Technologies Limited	<u>(376,220)</u>	<u>(710,749)</u>
	Cents	Cents
Basic earnings per share	(2.61)	(4.93)
Diluted earnings per share	(2.61)	(4.93)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>14,416,827</u>	<u>14,416,827</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>14,416,827</u>	<u>14,416,827</u>

Note 11. Events after the reporting period

On 3 August 2023, the Company announced that it had entered a share sale agreement (at arm's length) with BLSS Holdings Pty Ltd. ("BLSS") whereby subject to Completion BLSS will acquire 100% of ICON Esports Pty Ltd share capital. SQID will be entitled to a share of EBITDA generated by ICON for three calendar years following Completion Date. The EBITDA share is 10% in the first and second calendar years and 8% in the third calendar year. In addition to the share of future EBITDA the Company will receive \$1 consideration upon completion.

ICON is a leading Australia & New Zealand esports and gaming organisation, focussed on the commercial landscape of the Oceanic market through brand driven marketing campaigns, partnerships, and merchandise to their esports and gaming audience.

Note 11. Events after the reporting period (continued)

Given ICON's history of losses, it is not possible to value the Company's rights to a share of future earnings. However, as at the end of the half-year ICON's net liabilities were \$224,958 and consequently a gain on disposal is expected to be recorded in the second half of the financial year at the time of completion.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

SQID Technologies Limited
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Athan Lekkas
Director

29 August 2023

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

Conclusion

We have reviewed the half-year financial report of SQID Technologies Limited (the 'Company') and its controlled entities ('the Group'), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$376,220 comprising losses from continuing operations of \$63,233 and discontinued operations of \$312,987 and incurred net operating cash outflows of \$256,272 from continued and discontinued operations for the half-year ended 30 June 2023. The Group also had a net working capital deficiency of \$263,311 at 30 June 2023 and net liabilities of \$63,091 at this date. At 30 June 2023, the Group was negotiating the divestment of its Esports and Gaming interests held by its subsidiary Icon Esports Pty Ltd which had net liabilities totalling \$224,958 disclosed as discontinued operations at this date, and had this been completed by 30 June 2023 the Group's statement of financial position would show positive net assets with a reduced working capital deficiency. It is likely the Group will need to raise further capital, or realise assets, within the coming 12 month period in order to continue to meet its ongoing commitments as and when they fall due. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Pitcher Partners
PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
29 August 2023