# SQID Technologies Limited

**ABN 44 121 655 472**

# Financial Report - 31 December 2023

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

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 2023.

**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:
- 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.

On 10 August 2023, the Group completed the divestment of its wholly owned subsidiary ICON Esports Pty Ltd (ICON) and the discontinuation of its esports and gaming operations.

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 year.

**Review of operations**
The net loss for the year was $213,031 (2022: $1,212,644) comprising a loss from continuing operations of $125,003 (2022: $447,074 ) and losses from discontinued operations of $88,028 (2022: $765,570).

The loss from continuing operations includes:
* Revenue from contracts with customers $263,661 (2022: $175,023),
* Fair value losses on financial assets (investments) $124,652 (2022: $nil), and
* Total expenses $282,391 (2022: $752,506) including asset impairment losses of $nil (2022:$100,000).

The improved result from continuing operations includes a significantly lower cost base, stronger revenue partly offset by net fair value losses on financial assets.

The loss from discontinued operations comprises operating losses totalling $319,002 (2022: $765,570) partly offset by a gain on disposal of $230,974 (2022: $nil).

The ICON divestment (completed 10 August 2023) strengthened the Group's financial position and cash flows.

As at 31 December 2023, the Group's cash and cash equivalents balance was $65,368 (2022: $356,113).

The Group reported lower operating cash outflows at $226,747 (2022: $1,163,097) which include cash outflows from discontinued operations of $188,860 (2022: $801,769).

Total net cash outflows from investing activities at $50,587 (2022: $300,220) largely relate to cash transferred out upon completion of the ICON divestment.

Net cash outflows from financing activities were $13,411 (2022: $13,411 inflows).

The Group's statement of financial position shows total equity of $100,098 (2022: $313,129).

**Significant changes in the state of affairs**
On 10 August 2023, the Company completed the 100% divestment of its wholly owned subsidiary ICON Esports Pty Ltd (ICON). Under the share sale agreement SQID is 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.

Given ICON's loss history, it is not possible to value the Company's rights to a share of future earnings. The divestment resulted in a gain on disposal of $230,974. ICON's results are classified as discontinued operations.

**Matters subsequent to the end of the financial year**
On 3 January 2024 the Company's wholly owned subsidiary, SQID Payments Pty Ltd, was deregistered.

No other matter or circumstance has arisen since 31 December 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.

**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 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 Chair |
| Experience and qualifications: | Investment expert in the technology sector.<br><br>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.<br><br>During the three years prior to 31 December 2023, a Director of First Growth Funds Limited (CSE: FGFL) since 16 July 2012 and a Director of Magnum Mining and Exploration Limited (ASX: MGU) since 11 May 2022. |
| Special responsibilities: | Chief Executive Officer, Executive Chair and from 10 May 2022 a Member of the Audit Committee |

| | |
|---|---|
| Name: | Michael Clarke |
| Title: | Non-Executive Director |
| Experience and qualifications: | 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 2023, a Director of First Growth Funds Limited (CSE: FGFL) since 19 May 2014. |
| Special responsibilities: | Chair of Audit Committee. Member of Remuneration Committee |

| | |
|---|---|
| Name: | Andrew Sterling |
| Title: | Non-Executive Director |
| Experience and qualifications: | 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 2023. Holds a Cert IV in Financial Services, Diploma of Financial Services. |
| Special responsibilities: | Chair of Remuneration Committee. Member of Audit Committee. |

| | |
|---|---|
| Name: | Mark Pryn |
| Title: | Company Secretary |
| Experience and qualifications | Over 25 years of experience in finance and governance roles across varied industries and organisation types, including 10 years with ASX-listed entities. Holds chartered accounting and formal company secretarial qualifications. |
| 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 2023, 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 | 2 | 2 | - | - | 3 | 3 |
| Michael Clarke | 2 | 2 | - | - | 3 | 3 |
| Andrew Sterling | 2 | 2 | - | - | 3 | 2 |

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 2023 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 |

* *There have been no movements since the end of the year up to the date of this report.*

**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, as set out in note 16 of the financial statements. 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

20 March 2024

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

**p.** +61 7 3222 8444

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

**Auditor's Independence Declaration**

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

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
20th March 2024

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## 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, on 20 March 2024. 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 2023**

| | Note | Consolidated 31 Dec 2023 $ | 31 Dec 2022 $ |
|---|---|---|---|
| **Revenue from contracts with customers from continuing operations** | 3 | 263,661 | 175,023 |
| Fair value losses on financial assets (investments) | 9 | (124,652) | - |
| R&D tax incentive | | - | 129,208 |
| Interest income | | 5 | 10 |
| Other revenue / recoveries | | 18,374 | 1,191 |
| **Expenses** | | | |
| Consultancy fees | | (160,576) | (446,565) |
| Listing and registry expenses | | (25,488) | (30,049) |
| Non-executive director fees | | (22,000) | (63,333) |
| Professional fees - other | | (60,222) | (90,652) |
| Other expenses | | (14,105) | (21,907) |
| Impairment losses | 4 | - | (100,000) |
| Total expenses | | (282,391) | (752,506) |
| **Loss before income tax expense from continuing operations** | | (125,003) | (447,074) |
| Income tax expense | 5 | - | - |
| Loss after income tax expense from continuing operations | | (125,003) | (447,074) |
| Loss after income tax expense from discontinued operations | 6 | (88,028) | (765,570) |
| **Loss after income tax expense for the year attributable to the owners of SQID Technologies Limited** | | (213,031) | (1,212,644) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive loss for the year attributable to the owners of SQID Technologies Limited** | | (213,031) | (1,212,644) |
| Total comprehensive loss for the year is attributable to: | | | |
| Continuing operations | | (125,003) | (447,074) |
| Discontinued operations | | (88,028) | (765,570) |
| | | (213,031) | (1,212,644) |
| | | **Cents** | **Cents** |
| **Earnings per share for loss from continuing operations attributable to the owners of SQID Technologies Limited** | | | |
| Basic loss per share | 22 | (0.87) | (3.10) |
| Diluted loss per share | 22 | (0.87) | (3.10) |
| **Earnings per share for loss from discontinued operations attributable to the owners of SQID Technologies Limited** | | | |
| Basic loss per share | 22 | (0.61) | (5.31) |
| Diluted loss per share | 22 | (0.61) | (5.31) |
| **Earnings per share for loss attributable to the owners of SQID Technologies Limited** | | | |
| Basic loss per share | 22 | (1.48) | (8.41) |
| Diluted loss per share | 22 | (1.48) | (8.41) |

*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 2023**

| | Note | Consolidated 31 Dec 2023 $ | Consolidated 31 Dec 2022 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 65,368 | 356,113 |
| Receivables | 8 | 17,568 | 230,699 |
| Other current assets | | - | 20,758 |
| Total current assets | | 82,936 | 607,570 |
| **Non-current assets** | | | |
| Other financial assets | 9 | 75,568 | 200,220 |
| Total non-current assets | | 75,568 | 200,220 |
| **Total assets** | | 158,504 | 807,790 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 58,406 | 346,395 |
| Borrowings | | - | 13,411 |
| Employee provisions | | - | 89,265 |
| Merchant liabilities | | - | 18,374 |
| Contract liabilities | | - | 9,507 |
| Total current liabilities | | 58,406 | 476,952 |
| **Non-current liabilities** | | | |
| Employee provisions | | - | 17,709 |
| Total non-current liabilities | | - | 17,709 |
| **Total liabilities** | | 58,406 | 494,661 |
| **Net assets** | | 100,098 | 313,129 |
| **Equity** | | | |
| Issued capital | 12 | 8,824,267 | 8,824,267 |
| Reserves | | - | (532,105) |
| Accumulated losses | | (8,724,169) | (7,979,033) |
| **Total equity** | | 100,098 | 313,129 |

*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 2023**

| Consolidated | Issued capital $ | Common control reserve(1) $ | 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 year | - | - | (1,212,644) | (1,212,644) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (1,212,644) | (1,212,644) |
| Balance at 31 December 2022 | 8,824,267 | (532,105) | (7,979,033) | 313,129 |

| Consolidated | Issued capital $ | Common control reserve(1) $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 January 2023 | 8,824,267 | (532,105) | (7,979,033) | 313,129 |
| Loss after income tax expense for the year | - | - | (213,031) | (213,031) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (213,031) | (213,031) |
| Transfer common control reserve on disposal of subsidiary | - | 532,105 | (532,105) | - |
| Balance at 31 December 2023 | 8,824,267 | - | (8,724,169) | 100,098 |

(1) *The common control reserve recognised the difference between the carrying value of the non-controlling interests acquired and the consideration paid to acquire those interests. During the year, the subsidiary was sold and the reserve was transferred to accumulated losses. Refer note 6 'Discontinued operations'.*

*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 2023**

| | Note | Consolidated 31 Dec 2023 $ | Consolidated 31 Dec 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 736,007 | 1,106,413 |
| Payments to suppliers and employees | | (962,082) | (2,398,257) |
| | | (226,075) | (1,291,844) |
| Interest received | | 5 | 10 |
| Interest and other finance costs paid | | (677) | (471) |
| Receipts of government grants & subsidies | | - | 129,208 |
| Net cash used in operating activities | 20 | (226,747) | (1,163,097) |
| **Cash flows from investing activities** | | | |
| Payments for investments | 9 | - | (200,220) |
| Payments for intangibles | 10 | - | (100,000) |
| Proceeds on disposal of a subsidiary | 6 | 1 | - |
| Cash transferred on disposal of a subsidiary | 6 | (50,588) | - |
| Net cash used in investing activities | | (50,587) | (300,220) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | - | 18,758 |
| Repayment of borrowings | | (13,411) | (5,347) |
| Net cash (used in)/from financing activities | | (13,411) | 13,411 |
| Net decrease in cash and cash equivalents | | (290,745) | (1,449,906) |
| Cash and cash equivalents at the beginning of the financial year | | 356,113 | 1,806,019 |
| Cash and cash equivalents at the end of the financial year | 7 | 65,368 | 356,113 |

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

## Note 1. Material accounting policy information

### 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 at fair value through profit or loss.

*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*
For the year ended 31 December 2023, the Group incurred a net loss of $213,031 (2022: $1,212,644) comprising a loss from continuing operations of $125,003 (2022: $447,074 loss) and losses from discontinued operations of $88,028 (2022: $765,570). Total net cash used in operating activities (continuing and discontinued) was $226,747 (2022: $1,163,097).

As at 31 December 2023 the Group had net current assets of $24,530 (2022:$130,618) and total equity of $100,098 (2022: $313,129).

The Directors have concluded that the going concern basis of accounting is appropriate, noting the following:

- the disposal of Icon Esports Pty Ltd has unencumbered SQID's financial position and ability to pursue strategic initiatives, and
- based on the operating cashflow projections, the Company envisages being able to settle its obligations as and when they fall due.

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 18.

### 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 2023 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'.

## Note 1. Material accounting policy information (continued)

### Operating segments
Following the discontinuation of the Esports and Gaming segment, the Group now comprises one operating segment being "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 within Australia.

For the year ended 31 December 2023, two customers represented 97% (2022: 95%) of Payment Solutions revenue:
* Customer A $149,550 - 57% (2022: $94,462 - 55%) and
* Customer B $105,147 - 40% (2022: $69,701 - 40%).

### 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.

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

### 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 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.

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.

**Note 1. Material accounting policy information (continued)**

**Discontinued operations**
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.

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

**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.

**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.

*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.

## Note 1. Material accounting policy information (continued)

*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.

### 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.

### 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.

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

## 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.

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

*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 10 'Intangibles'.

*Recovery of deferred tax assets*
The Group has exercised judgement to determine that deferred tax assets should not be recognised on the basis that it is not probable that future taxable amounts will be available to utilise available temporary differences and losses. Refer to note 5 'Income tax'.

*Discontinued operations*
Judgement was used to determine the amounts included in the disposal of assets and liabilities associated with discontinued operations. Refer to note 6 'Discontinued operations'.

## Note 3. Revenue from contracts with customers

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

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Commission (*recognised at a point in time)* | 263,661 | 175,023 |

## Note 4. Impairment losses

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Intangible assets - cryptocurrencies under development | - | 100,000 |

## Note 5. Income tax

| | Consolidated 31 December 2023 $ | Consolidated 31 December 2022 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense from continuing operations | (125,003) | (447,074) |
| Loss before income tax expense from discontinued operations | (88,028) | (765,570) |
| | (213,031) | (1,212,644) |
| Tax at the statutory tax rate of 25% | (53,258) | (303,161) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Amortisation of intangibles | - | 15,000 |
| Impairment of other intangible assets | - | 25,000 |
| | (53,258) | (263,161) |
| Current year tax losses not recognised | 53,258 | 263,161 |
| Income tax expense | - | - |

| | Consolidated 31 December 2023 $ | Consolidated 31 December 2022 $ |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 3,139,291 | 6,179,620 |
| Potential tax benefit @ 25% | 784,823 | 1,544,905 |

* *The current year reduction in carried forward tax losses related to the disposal of ICON. Refer note 6 'Discontinued operations'.*

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 6. Discontinued operations

*Description*
On 10 August 2023, the Group completed the divestment of its esports and gaming operations held by its wholly owned subsidiary, ICON Esports Pty ltd (ICON).

## Note 6. Discontinued operations (continued)

*Financial performance information*

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Revenue from contract with customers | 269,812 | 1,035,276 |
| Direct cost | (246,800) | (837,319) |
| Gross profit | 23,012 | 197,957 |
| Employee benefits | (246,740) | (512,353) |
| Professional fees | (13,285) | (43,137) |
| Marketing | (26,875) | (139,256) |
| Consultancies | (15,000) | (40,000) |
| IT and hosting costs | (9,447) | (19,737) |
| Depreciation and amortisation expense | - | (60,000) |
| Other expenses | (29,990) | (148,573) |
| Finance costs | (677) | (471) |
| Total expenses | (342,014) | (963,527) |
| Loss before income tax expense | (319,002) | (765,570) |
| Income tax expense | - | - |
| Loss after income tax expense | (319,002) | (765,570) |
| Gain on disposal before income tax | 230,974 | - |
| Income tax expense | - | - |
| Gain on disposal after income tax expense | 230,974 | - |
| Loss after income tax expense from discontinued operations | (88,028) | (765,570) |

*Cash flow information*

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Net cash used in operating activities | (188,860) | (801,769) |
| Net cash used in investing activities | (50,587) | - |
| Net cash (used in)/from financing activities | (13,411) | 13,411 |
| Net decrease in cash and cash equivalents from discontinued operations | (252,858) | (788,358) |

**Note 6. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities disposed on 10 August 2023*

| | Consolidated |
|---|---|
| | $ |
| Cash and cash equivalents | 50,588 |
| Trade and other receivables | 49,848 |
| Other current assets | 242 |
| Other non-current assets | 12,209 |
| Total assets | 112,887 |
| | |
| Trade and other payables | 220,737 |
| Contract liabilities | 49,000 |
| Provisions | 74,123 |
| Total liabilities | 343,860 |
| | |
| Net liabilities | (230,973) |

*Details of the disposal*

| | Consolidated |
|---|---|
| | $ |
| Total sale consideration | 1 |
| Carrying amount of net liabilities disposed | 230,973 |
| | |
| Gain on disposal before income tax | 230,974 |
| | |
| Gain on disposal after income tax | 230,974 |

## Note 7. Cash and cash equivalents

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| *Current assets* | | |
| Cash at bank and on hand | 65,368 | 356,113 |
| Cash at bank includes the following balances on behalf of merchants | - | 18,374 |

## Note 8. Receivables

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| *Current assets* | | |
| Receivables from contracts with customers | - | 210,606 |
| Other receivables | 17,568 | 20,093 |
| | 17,568 | 230,699 |

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. (2022: $nil).
* other receivables $nil (2022: $nil).

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 | |
|---|---|---|---|---|---|---|
| **Consolidated** | 31 Dec 2023 % | 31 Dec 2022 % | 31 Dec 2023 $ | 31 Dec 2022 $ | 31 Dec 2023 $ | 31 Dec 2022 $ |
| Not overdue | - | - | 17,568 | 228,141 | - | - |
| 3 to 6 months overdue | - | - | - | 2,200 | - | - |
| Over 6 months overdue | - | - | - | 358 | - | - |
| | | | 17,568 | 230,699 | - | - |

## Note 9. Other financial assets

| | Consolidated | |
|---|---|---|
| | 31 December 2023 | 31 December 2022 |
| *Non-current assets* | | |
| Unlisted securities - at fair value through profit and loss | 75,568 | - |

Refer to note 14 'Fair value measurement' for further information.

**Note 9. 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:

| | Unlisted securities | Total |
|---|---|---|
| **Consolidated - 31 Dec 2023** | | |
| Balance as at 1 January 2023 [b] | 200,220 | 200,220 |
| Fair value gains / (losses) through profit or loss[a] | (124,652) | (124,652) |
| | 75,568 | 75,568 |
| **Consolidated - 2022** | | |
| Balance as at 1 January 2022 | - | - |
| Additions[b] | 200,220 | 200,220 |
| | 200,220 | 200,220 |

[a] On 5 April 2023, Shirley Uranium Inc (*formerly Vello Technologies Inc previously classified as an Associate entity*) 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 (3.77%) 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. The carrying value for the Sienna Mining Limited holding at $75,568 or $0.07 per share is in line with the most recent capital raise.

[b] 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 or $0.047 cents per ordinary share acquired. The options have an exercise price of $0.047 and an expiry date of 31 December 2024. Effective 31 December 2023, the carrying amount of the investment was nil (2022:$200,220)

Refer to note 14 for further information on fair value measurement.

**Note 10. Intangibles**

| | Consolidated | |
|---|---|---|
| | **31 December 2023 $** | **31 December 2022 $** |
| *Non-current assets* | | |
| Goodwill - at cost | - | 739,574 |
| Less: Impairment | - | (739,574) |
| | - | - |
| Sponsorship and membership contracts | - | 561,730 |
| Less: Accumulated amortisation | - | (561,730) |
| | - | - |
| Cryptocurrencies under development[1] | 100,000 | 100,000 |
| Less: Impairment | (100,000) | (100,000) |
| | - | - |
| | - | - |

[1] *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.*

## Note 11. Trade and other payables

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| *Current liabilities* | | |
| Trade payables | 9,981 | 55,177 |
| Other payables | 48,425 | 291,218 |
| | 58,406 | 346,395 |

## Note 12. Issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 31 Dec 2023 Shares | 31 Dec 2022 Shares | 31 Dec 2023 $ | 31 Dec 2022 $ |
| Ordinary shares - fully paid | 14,416,827 | 14,416,827 | 8,824,267 | 8,824,267 |

*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 13. Financial instruments

***Financial risk management objectives***
The Group's operations are exposed the following financial risks:
- Credit risk,
- Liquidity risk, and
- Price risk.

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

*Price risk*
The Group’s exposure to equity securities price relates to investments held and classified in the statement of financial position as equity securities 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.

| | Average price increase | | | Average price decrease | | |
|---|---|---|---|---|---|---|
| **Consolidated - 31 Dec 2023** | **% change** | **Effect on profit before tax** | **Effect on equity** | **% change** | **Effect on profit before tax** | **Effect on equity** |
| Unlisted securities | 10% | 7,557 | 7,557 | 10% | (7,557) | (7,557) |

**Note 13. 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 | 10% | 20,022 | 20,022 | 10% | (20,022) | (20,022) |

*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.

*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.

Management maintains a close relationship with its major customer 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.

*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.

*Financing arrangements*
As at 31 December 2023 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 2023** | 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 | - | 58,406 | - | - | - | 58,406 |
| Total non-derivatives | | 58,406 | - | - | - | 58,406 |

**Note 13. Financial instruments (continued)**

| **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 |

**Note 14. 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 - 31 December 2023** | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Financial assets at fair value through profit or loss* | | | | |
| Unlisted securities | - | 75,568 | - | 75,568 |
| Total assets | - | 75,568 | - | 75,568 |

| **Consolidated - 31 December 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 |

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*
The fair value of unquoted investments is based on recent capital raisings proposed and / or 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.

## Note 14. Fair value measurement (continued)

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 has determined that recent capital raises provide the best indicator of the fair value of investment securities (financial assets) held. Accordingly, no external valuations were sought during the reporting period.

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 15. 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 2023<br>$ | 31 Dec 2022<br>$ |
| Short-term employee benefits [(1)] | 213,720 | 512,520 |
| Post-employment benefits | 5,250 | 10,250 |
| Other long-term employment benefits | (4,576) | (277) |
| | 214,394 | 522,493 |

(1) Short-term employee benefits include $160,285 (2022: $407,250) paid to contractors.

## Note 16. 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 December 2023<br>$ | 31 December 2022<br>$ |
| *Audit services - Pitcher Partners* | | |
| Audit or review of the financial statements | 57,000 | 54,000 |
| *Other services - Pitcher Partners* | | |
| Taxation services - SQID | 4,850 | 12,060 |
| Taxation services - ICON | 6,080 | 18,413 |
| | 10,930 | 30,473 |
| | 67,930 | 84,473 |

## Note 17. Related party transactions

*Parent entity*
SQID Technologies Limited is the parent entity.

## Note 17. Related party transactions (continued)

*Subsidiaries*
Interests in subsidiaries are set out in note 19.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 15.

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

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Consulting fees paid to Shape Capital Pty Ltd (i) | 20,000 | 120,000 |
| Consulting fees paid to Kribe Konsulting (ii) | 12,035 | 13,333 |

(i) Shape Capital Pty Ltd (Shape) is controlled by Anoosh Manzoori, who was up to his resignation on 4 May 2023, 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. This arrangement ended in February 2023.

(ii) Kribe Konsulting is controlled by Ben Dixon who was a director of Icon Esports Pty Ltd, a wholly owned subsidiary up to 3 August 2023. Refer note 6 'Discontinued operations'.

During the reporting period Kribe Konsulting was engaged to provide advice and business leads.

*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 December 2023 $ | 31 December 2022 $ |
| Current payables: | | |
| Trade payables to key management personnel (excluding non-executive directors) | 7,977 | 25,062 |
| Trade payables to non-executive directors | 4,200 | 6,666 |
| Trade payables to Shape Capital Pty Ltd | - | 11,000 |
| Trade payables to Kribe Konsulting | 2,000 | 5,500 |

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

## Note 18. 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 December 2023 $ | 31 December 2022 $ |
| Loss after income tax | (162,372) | (246,549) |
| Total comprehensive loss | (162,372) | (246,549) |

## Note 18. Parent entity information (continued)

*Statement of financial position*

| | Parent | |
|---|---|---|
| | **31 December 2023 $** | **31 December 2022 $** |
| Total current assets | 82,936 | 102,598 |
| Total assets | 158,506 | 3,534,369 |
| Total current liabilities | 58,406 | 79,851 |
| Total liabilities | 58,408 | 3,271,899 |
| Equity | | |
| Issued capital | 8,824,267 | 8,824,267 |
| Accumulated losses | (8,724,169) | (8,561,797) |
| Total equity | 100,098 | 262,470 |

*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 2023 and 31 December 2022.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

*Material accounting policy information*
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.
- 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 19. Interests in subsidiaries

| | | Ownership interest | |
|---|---|---|---|
| **Name** | **Principal place of business / Country of incorporation** | **31 December 2023 %** | **31 December 2022 %** |
| SQID Payments Pty Ltd* | Australia | 100% | 100% |
| ICON Esports Pty Ltd *(and wholly owned subsidiaries ** - sold 10 August 2023)* | Australia | - | 100% |
| **Tainted Minds E-Sports Pty Ltd | Australia | | |
| **The Chiefs Esports Pty Ltd | Australia | | |
| ** Team Icon Pty Ltd | Australia | | |

* The company was deregistered on 3 January 2024. Refer note 23 'Events after the reporting period'.

## Note 20. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| Loss after income tax expense for the year | (213,031) | (1,212,644) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | - | 60,000 |
| Net fair value loss on other financial assets | 124,652 | - |
| Impairment losses | - | 100,000 |
| Profit on disposal of discontinued operation | (230,974) | - |
| | | |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in receivables | 163,041 | (80,939) |
| Decrease in inventories | - | 67,557 |
| Decrease in other current assets | 8,549 | 44,935 |
| Decrease in trade and other payables | (67,252) | (53,740) |
| Increase/(decrease) in employee benefits | (32,851) | 19,727 |
| (Decrease)/increase in merchant liabilities | (18,374) | - |
| (Decrease)/increase in contract liabilities | 39,493 | (107,993) |
| | | |
| Net cash used in operating activities | (226,747) | (1,163,097) |

## Note 21. Non-cash investing and financing activities

During the current and previous reporting periods, there were no non-cash investing or financing activities.

## Note 22. Earnings per share

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| *Earnings per share for loss from continuing operations* | | |
| Loss after income tax attributable to the owners of SQID Technologies Limited | (125,003) | (447,074) |

| | Cents | Cents |
|---|---|---|
| Basic loss per share | (0.87) | (3.10) |
| Diluted loss per share | (0.87) | (3.10) |

| | Consolidated | |
|---|---|---|
| | 31 December 2023 $ | 31 December 2022 $ |
| *Earnings per share for loss from discontinued operations* | | |
| Loss after income tax attributable to the owners of SQID Technologies Limited | (88,028) | (765,570) |

| | Cents | Cents |
|---|---|---|
| Basic loss per share | (0.61) | (5.31) |
| Diluted loss per share | (0.61) | (5.31) |

## Note 22. Earnings per share (continued)

| | Consolidated 31 December 2023 $ | Consolidated 31 December 2022 $ |
|---|---|---|
| *Earnings per share for loss* | | |
| Loss after income tax attributable to the owners of SQID Technologies Limited | (213,031) | (1,212,644) |
| | **Cents** | **Cents** |
| Basic loss per share | (1.48) | (8.41) |
| Diluted loss per share | (1.48) | (8.41) |
| | **Number** | **Number** |
| *Weighted average number of ordinary shares* | | |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 14,416,827 | 14,416,827 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 14,416,827 | 14,416,827 |

## Note 23. Events after the reporting period

On 3 January 2024 the Company's wholly owned subsidiary, SQID Payments Pty Ltd, was deregistered.

No other matter or circumstance has arisen since 31 December 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**
**31 December 2023**

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 2023 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

20 March 2024

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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 2023, 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 material 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 2023 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.

*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.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| ***Valuation of financial assets***<br>Refer to note 9 and note 13 | |
| The Group's investments in unlisted securities expose it to a number of financial risks, including market risk, credit risk and liquidity risk.<br><br>As at 31 December 2023 the carrying value of the Group's investments in unlisted securities was $75,568, comprising two investments carried at fair value through profit or loss.<br><br>This is assessed as a key audit matter due to:<br>• The significance of the balance, representing 47% of total assets;<br>• The significant judgements and assumptions required for inputs used in the valuation of the unlisted investments under a level 2 fair value methodology; and<br>• Complexity associated with the accounting for these financial assets. | Our audit procedures included, amongst others:<br>• Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the valuation of financial assets;<br>• 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;<br>• 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 2023, 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
20th March 2024