BRIEFING NOTE

SqID

SQID Technologies Limited | CSE: SQID

– Leader in Split Payment Settlement
– Growing Revenue and earnings per share
– Patented IP, trusted payment process for over 24 industries
– High margin & low cost business model

Listing date: 21 January 2020

Issuer Details

Issuer:	SQID Technologies Limited
CSE Code:	SQID
Shares on Issue:	7,863,956
Options & Warrants:	None
Transfer Agent:	Computershare
Auditor	Pitcher Partners

Financial Highlights

(A$mill)
(June year-end)

	FY19	FY18	% Change
TTV	$163M	$106M	54%
Total Revenue	$5.35M	$3.12M	72%
Transactional Cost	$3.15M	$1.87M	68%
Expenses	$1.10M	$0.63M	75%
NPBT	$1.15M	$0.62M	85%
NPAT	$0.81M	$0.44M	84%
Earnings per share	$0.049	$0.033	48%

Note:
Company has changed its year-end to December 31 for 2020 reporting year.

(A$mill)
September 2019 Quarter

	Sep 19	Sep 18	% Change
TTV	$48M	$32M	50%
Total Revenue	$1.69M	$0.90M	72%
Transactional Cost	$1.00M	$0.53M	87%
Expenses	$1.10M	$0.63M	75%
NPBT[1]	$0.35M	$0.16M	119%
NPAT[1]	$0.33M	$0.10M	130%
Earnings per share[1]	$0.040	$0.010	400%

Note:
[1] Adjusted for CSE listing costs of non-cash payment of $269,003. Payment made in shares.

Highlights

- SQID is a payment processor enabling merchants to receive debit or credit card payments by providing connections to registered members of a Card Network such as Visa or MasterCard.
- 72% growth in annual revenue and 85% in annual profitability.
- 8 consecutive quarters of profitability.
- $163 Million transactions in FY2019 with 794,000 customer transactions.
- Trusted payment processor for over 24 industries.
- Patented two-factor authentication in multiple countries.
- High revenue/low cost business model with scalability.
- The Company receives a merchant fee (0.9% and 4.5% of the transaction value plus a fixed fee of 15 to 30 cents per transaction).

SQID Overview

SQID provides a highly customizable payment-processing platform. For instance, it can seamlessly integrate retail and wholesale payment layers and provide **Split Settlements** between each layer.

Split Settlements enables a single transaction to be simultaneously settled to both the referring merchant and the referred merchant's bank.

This allows for say a franchisor to receive settlements in parallel to the franchisee allowing for commission structures and transaction based rewards to be settled at the same time the underlying transaction is settled.

The model is applicable to affiliate marketing, rewards programs, franchises, marketplace apps, agencies, and also software companies running reseller programs.The use of Split Payment Settlement also helps optimize merchant sales and operations by providing valuable insights and transaction reports to merchants.

Additionally SQID provides a powerful API and integration tools, including Wordpress, to help merchants customize their payment solutions to fit their business needs.

SQID deploys industry standard fraud management tools to minimize the occurrence of cardholder and merchant fraud.

Low Cost Operating Model

Merchants using the Split Payment Settlement refer new merchants to the SQID payment platform resulting in low customer acquisition cost for SQID Technologies.

SQID has developed a workflow solution for "Dynamic Onboarding" to enable easy sign-up, banking integration, pre population of customer information, risk mitigation, onboarding APIs and customization options and immediate set up to begin transactions. A referring merchant is also able to onboard a referred merchant to their own business model and as a SQID merchant as well.

SQID Technologies Limited	CSE: SQID
	Listing date: 21 January 2020

Relationship Payment Provider

SQID has established itself as a relationship payment provider and payment facilitator in the Payment Processing industry, which specializes in delivering ecommerce solutions to businesses that have their 'card-not-present' commercial outcomes dependent on two or more businesses. This has delivered sizeable growth in revenue as the model is based on engaging one referrer who then refers additional merchants.

The Company has concentrated on building relationships with merchants and providing incentives to merchants for referrals to new business opportunities. This has resulted in substantial growth with minimal overhead and resources.

Growth Strategy:

– SQID is expanding with a proactive direct sales model with existing merchant clients and new merchants.

– The direct sales model allows more than one transaction point to deliver split settlements, and incentivizes referring merchants with a referral fee. This is very attractive for high volume card-not-present business models.

– To facilitate this strategy, SQID is working to value add to its 'relationship payment' business model through strategic partnerships with key referrers such as:

  o E-commerce web developers
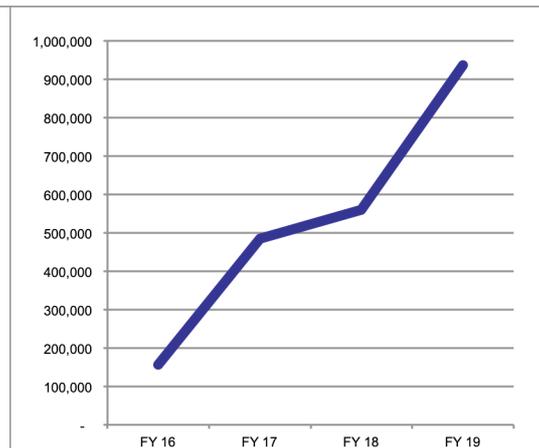 o Franchisors, and
  o SaaS (Software as a Service) developers

Total Transaction Volume ($Millions)

Over 7x increase in 3 years
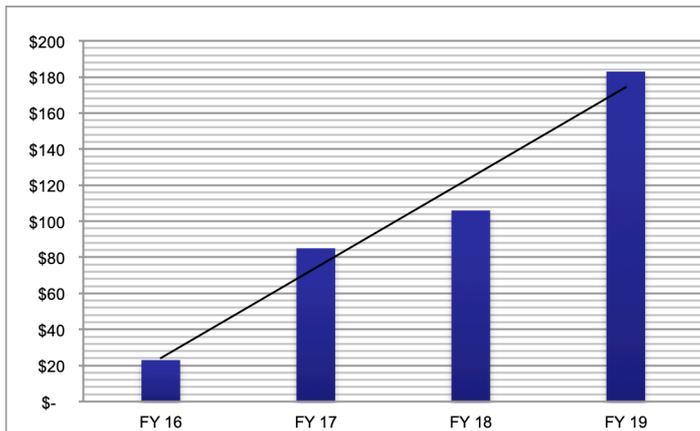
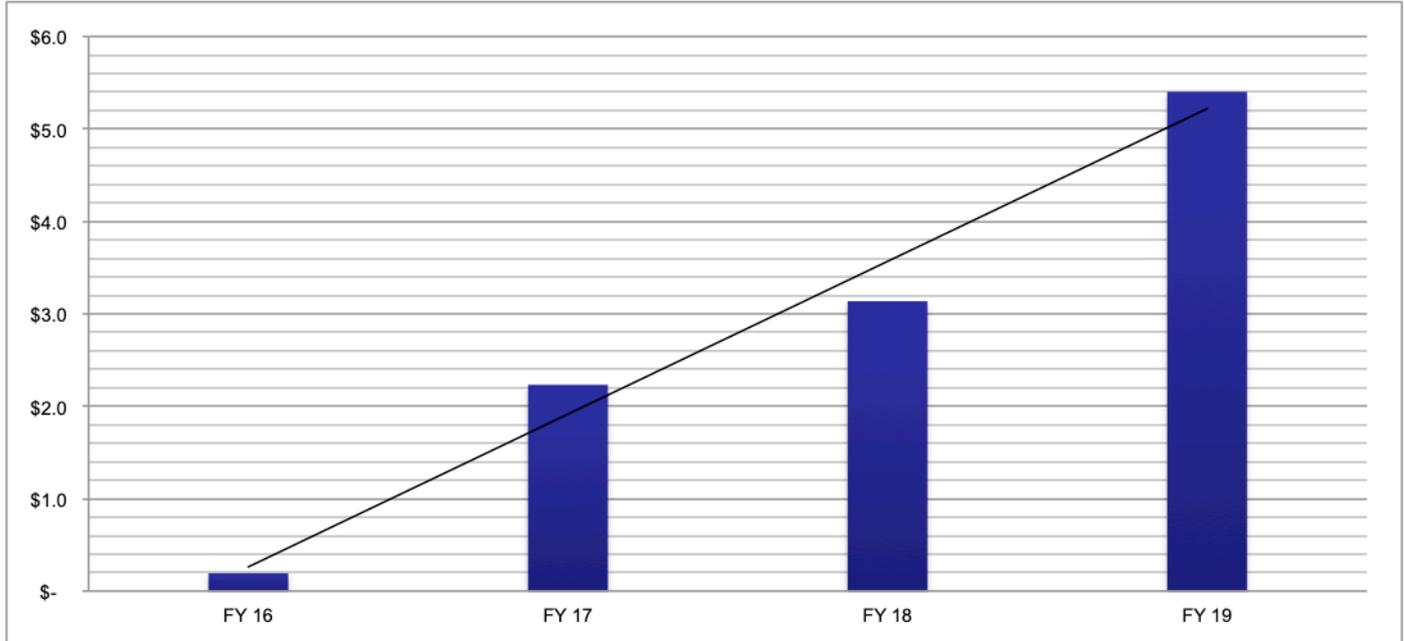
Total Transactions

Exponential Growth
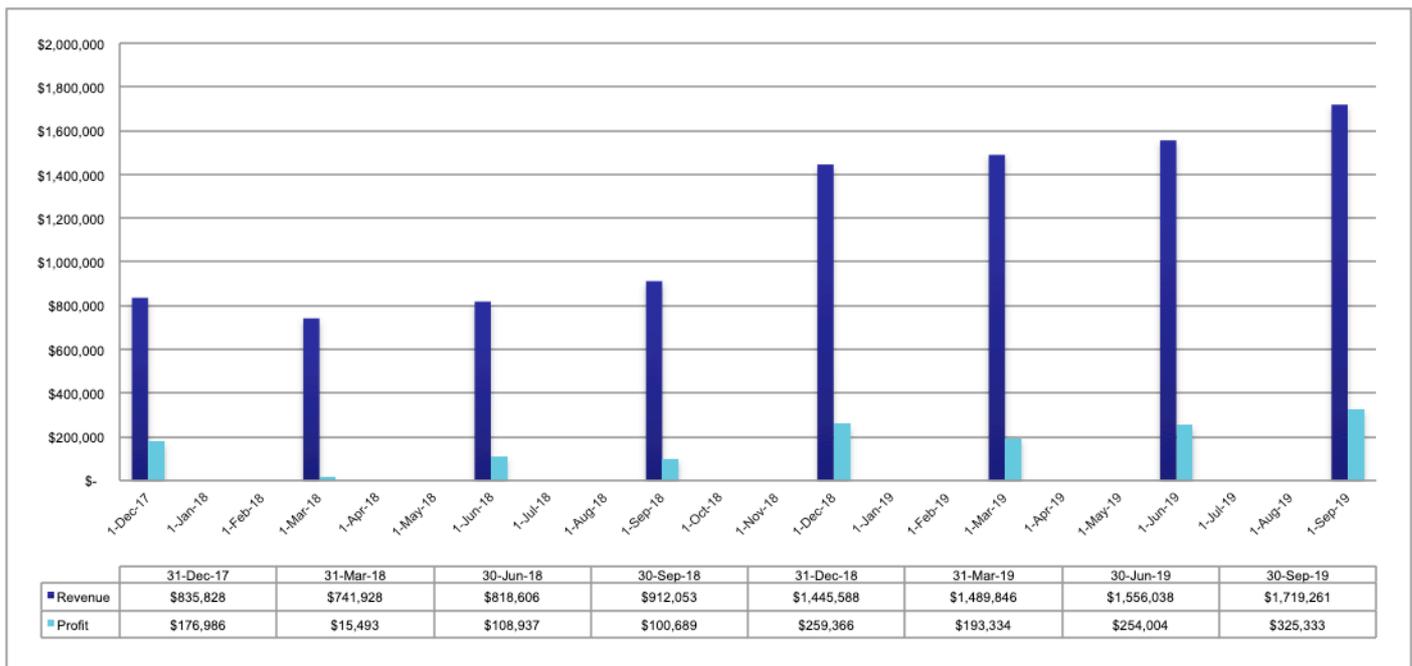
BRIEFING NOTE

Revenue Performance

The Company has consistent revenue growth since 2016.

Profitability Performance

The Company has had 8 consecutive months of profitability.

	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19
■ Revenue	$835,828	$741,928	$818,606	$912,053	$1,445,588	$1,489,846	$1,556,038	$1,719,261
■ Profit	$176,986	$15,493	$108,937	$100,689	$259,366	$193,334	$254,004	$325,333

SQID Technologies Limited

CSE: SQID

Listing date: 21 January 2020

Caution Regarding Forward-Looking Statements:

Certain statements in this document are forward‑looking statements or information (collectively "forward‑looking statements"). The Company is providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in these forward‑looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward‑looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward‑looking statements. In making these forward‑looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Company. These forward‑looking statements include, among other things, statements relating to the ability of the Company to generate revenue; use of funds, intentions to further develop, market and promote its operations by expansion of its merchant base and industries served in Australia; strategy for customer retention, growth, service development, market position and financial results, the success of marketing and sales efforts of the Company, the Company's efforts to continuously update its software to meet business requirements, future sales plans and strategies, the economy and other future conditions, the timeline to further develop and market future enhancements; unanticipated cash needs and the possible need for additional financing and the adoption of governance policies, committees and practices.

By their nature, forward‑looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Company to continue to generate revenue adequate to fund its business plans and operations; the ability of the Company to expand its operations in Australia; competitive conditions in the industry which could prevent the Company from continuing to be profitable; competition from other payment process providers who are well established with the financial capacity to overwhelm the ability of the Company to operate in Australia, security risks, increasing costs of being a publicly traded company, the possibility that our services may become further regulated; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company's products and services; the inability to list on a public market; volatility of the Company's share price following listing; liquidity the inability to secure additional financing; the Company's intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management; and other factors beyond the Company's control.

Further, any forward‑looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward‑looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward‑looking statement.

Contact Details:

Sqid Technologies Limited

John O'Connor
P: +1 (604) 594-5868
E: investors@sqidpay.com
W: www.sqidpayments.com.au