Mint

MINT PAYMENTS LIMITED

ABN: 51 122 043 029

ANNUAL REPORT

30 JUNE 2021

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CORPORATE DIRECTORY

Directors

Terry Cuthbertson
Non-executive Interim Chairman

William Bartee
Non-executive Director

Anne Weatherston
Non-executive Director

Alex Teoh
Group Chief Executive Officer and Managing Director

Company Secretary

Tom Sapountsis

Registered Office

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Postal Address

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Australian Company Number

122 043 029

Australian Business Number

51 122 043 029

Auditors

Pitcher Partners
Level 16, Tower 2
Darling Park
201 Sussex Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
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Sydney NSW 2000

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www.linkmarketservices.com.au

Website

www.mintpayments.com

In accordance with a resolution of Directors, the Directors present their Report together with the Financial Report of Mint Payments Limited (Mint) and its controlled entities (together referred to as the Consolidated Entity or Group) for the financial year ended 30 June 2021 and the Independent Audit Report thereon.

Directors

Details regarding the Directors of Mint at any time during or since the end of the financial year are as follows:

- Terry Cuthbertson
- William Bartee
- Anne Weatherston
- Alex Teoh

Current Director's qualifications, experience and special responsibilities are as follows:

Terry Cuthbertson, Non-Executive Interim Chairman
B.Bus, Qualified as a Chartered Accountant in Australia

Terry is Chairman of ASX listed Austpac Resources N.L. and Pacific Nickel Mines Ltd. Terry was Chairman of Australian Whisky Holdings Limited till 20 May 2019 and the Non-Executive Director of iSentric Limited till 31 May 2019. Terry has extensive corporate finance expertise, having advised several businesses and government organisations in relation to mergers, acquisitions and financing.

Formerly, Terry was a Partner of KPMG Corporate Finance and NSW Partner in Charge of Mergers and Acquisitions ("M&A"), where he coordinated government privatisations, mergers, divestitures and public offerings on the ASX for the New South Wales practice. Terry is the former Group Finance Director of Tech Pacific Holdings Limited, which was one of the largest information technology distributors in Asia with annual turnover in 1999 of approximately $2 billion and is a former Director of Tech Pacific Limited's businesses in Hong Kong, Singapore, India, Philippines, Indonesia and Thailand.

Terry is the Non-Executive Interim Chairman. Terry is a member of the Audit & Risk Management Committee and a member of the Remuneration & Nomination Committee.

William Bartee, Non-Executive Director
B.Sc, MBA and Juris Doctor

William is a Partner at Main Sequence Ventures, a CSIRO $200 million Innovation Fund. William is also a co-founder/ Partner at Blackbird Ventures. William was CEO and co-founder of successful companies including Mantara, a company that makes high performance, content based message routing systems for global trading systems. William also was instrumental in helping start up and launch both Dilithium Networks and Sensory Networks, where he was a founding investor and Board Member of both companies.

William is passionate about working with management teams that are focused on building important and innovative companies. William's experience is across a range of companies including software, telecommunications, security and internet businesses.

From 1997 to 2001, William helped build and lead the early stage investing for Macquarie Technology Ventures ("MTV"), a venture fund focused on software, telecommunications, internet and life sciences. At MTV, William has led investments in and/ or served on the boards of several market-leading companies including Seek (ASX: SEK), Altium (ASX: ALU), LookSmart (NASDAQ: LOOK), Culture Amp, Autopilot and others.

Prior to moving to Australia, William had 12 years of research, operational and entrepreneurial experience in the United States and holds a Bachelor of Science, MBA and Juris Doctorate degrees.

William is Chairperson of the Remuneration & Nomination Committee.

Anne Weatherston, Non-Executive Director
MBA

Anne is a co-founder of Custus. She recently returned to Scotland following a successful executive career leading technology enabled change and transformation within major complex global businesses. Her current career focus is working with individuals and organisations to capitalise on new technology to benefit customers, communities, and society at large. She also acts as a Non-Executive Director for three Fintech companies and Piraeus Bank, Greece.

Anne is Chairperson of the Audit & Risk Management Committee. Anne is also a member of the Remuneration & Nomination Committee.

Alex Teoh, Group Chief Executive Officer and Managing Director
B.Sc (Business and Information Systems)

Alex has over 15 years of experience in the IT, Telecommunications and Financial Services sector.

Alex was previously a Principal Consultant at the Hong Kong office of PricewaterhouseCoopers (PwC) Consulting. Alex was a member of the practice's senior management team responsible for its Customer Relationship Management strategy and solutions offering in East Asia (which includes Hong Kong, Singapore, Thailand, Malaysia and the Philippines). Prior to PwC, Alex worked as a Senior Consultant at Cap Gemini Ernst & Young Consulting, assisting in securing and implementing supply chain and application development contracts.

Prior to Mint, Alex has held senior management positions in companies involved in the IT and supply chain industries.

Alex is one of the founders of the Mint Business and is primarily responsible for the strategic and corporate activities of Mint. Alex has been on the Board of Mint since 15 November 2006.

Tom Sapountsis, Company Secretary
LL.B and B.A

Tom is a Senior Associate at law firm GrilloHiggins, which has offices in Melbourne and Perth and specialises in equity capital markets and M&A. Tom has experience in equity capital markets, private M&A, corporate governance and corporate and commercial law.

In his legal career Tom has worked across a number of practice groups, including corporate, M&A and litigation, which provides him with a broad understanding of the commercial landscape.

Principal Activities

The principal activities of the consolidated entity during the year were innovative mobile payments and transaction services.

Operating Results

Key financial results for the year ended 30 June 2021 were:

- Revenue from contracts with customers for the year was $1,808,440, a decrease of 36% from the previous financial year. Total revenue for the year was $2,715,598, a decrease of 27% from the previous financial year. COVID-19 continues to have a material effect on transaction values and revenues from the Mint's Travel customers. During the financial year, whilst we continue to grow our merchant base to over 450 travel merchants in this sector and expecting ongoing recovery in revenues as Travel sector activity recovers, the exact timing and profile of the recovery remains dependent on ongoing vaccine rollouts and speed of capacity reinstatement by airlines. It is worth noting that prior to the impact of COVID-19, the Company's Recurring Revenue grew 40%, illustrative of the effort and focus the Company had put in to growing its recurring revenue from its customers.

- Reported loss from ordinary activities was $3,118,289, which was a 31% decrease from the previous financial year. This was a result of the Company successfully initiating its cost reduction program at the outset of the global pandemic to best mitigate against the deterioration of its recurring transaction revenues. These changes will continue to benefit the Company as it operates on a lower cost base moving forward.

Review of Operations

The highlights for the year ended 30 June 2021 include:

- The Company has continued to build out its customer and partner network alongside adding new payment products to support the Company's growing online and e-commerce merchants. New major customers and partners acquired during the period include:
  - CVFR Travel – signed a five year supply and distribution agreement to deliver a co-branded integrated payments solution to CVFR's 700+ merchants.
  - Western Union - signed a 3-year agreement with Global Money Service Giant Western Union (WU). Under the terms, WU will license and deploy Mint's mPOS payment solution to their network of over 1000 agents in Australia and New Zealand.
  - Credit Union Australia (CUA) – Australia's largest Credit Union – signed a distribution agreement to provide Online Payment and Terminal Services to their 500,000+ members. This partnership comes at an exciting phase for CUA as it recently announced and registered a new trading name of Great Southern Bank, marking the next step in its evolution as Australia's largest customer-owned banking organisation.

- The Company implemented a number of operational and margin improvement projects. The Company commenced a merchant migration project of its existing merchant base (travel and non-travel) across to its new global acquiring partner which was announced in November 2019, yielding improved revenues and margins for Mint. Although building from a low, COVID impacted transaction value base, we have seen a quarter-on-quarter improvement (Q3'FY21 vs Q2'FY21) of 76% in transaction values resulting in higher margins being built across the Company's merchant portfolio.

- Cost controls implemented at the outset of the pandemic continues to mitigate the impact of the pandemic on revenues and margins, with a 30% improvement in operating EBITDA when compared to the previous financial year.

- From a corporate and capital management perspective, in August 2020, the Company successfully raised $3.45m in equity through a strongly supported Entitlement Offer. The proceeds funded the Company's continued rollout of its core payments platform in Australia and New Zealand, supported growth initiatives through investment in sales and marketing, and helped drive forward the launch of new payment types, methods and financial services that can be applied throughout the supply chain.

- In September 2020, the Company completed its planned Minimum Holding Buyback and Delisting from the ASX. The Board cited the rationale for the Delisting from the ASX due to limited liquidity and trading in the Company's securities, substantial direct and indirect administrative cost savings, an undervalued share price and greater flexibility for Mint to progress future funding alternatives and strategic transactions as an unlisted entity, particularly in the M&A space.

- With the Travel industry heavily impacted by the pandemic, the Company focused its expansion into the online retail and wholesale sector (while travel transaction volumes remain subdued), with an immediate impact in transaction values, where there was a 76% improvement when comparing Q3 FY21 to Q2 FY21 transaction values. These improvements were as a result of the Company completing the integration of a number of e-Commerce integrations with major shopping carts at the end of Q2 FY21.

Further information about the Consolidated Entity's results of its operations together with the information about the financial position of the Consolidated Entity is in the attached Financial Report.

Significant changes in the state of affairs

Apart from the matters noted above, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Events Subsequent to Reporting Date

In August 2021, the Company and Helloworld signed an exclusive partnership agreement for the Company to deliver Australia and New Zealand's first end-to-end payments solution tailored specifically for the travel industry. Payment services will encompass EFTPOS terminals, online credit card payments, real-time bank transfers / electronic funds transfers and a range of new payment types planned for the future. Helloworld will first launch with Mint at the end of August 2021, Mint's new real-time electronic funds transfer (EFT) product, that will be made available to over 2,000 travel agents and wholesale businesses for their B2B supplier payment requirements

On 1 September 2021, the Company completed the acquisition of 100% of the share capital of IPG Group (IPG), an eCommerce payment gateway company incorporated in Hong Kong along with three branches in operation in Hong Kong, Europe and Australia. Mint and IPG are strategically aligned - providing market leading end-to-end payment solutions across niche industry verticals. IPG will bring key technology as well as Asian and European presence/customers. In FY22, the combined businesses (IPG & Mint) are forecasted to reach critical transaction volumes of $2b, over $10m in revenues and will be monthly operating EBITDA positive post acquisition.

The Company acquired IPG Group for a net consideration of $13m including deferred consideration (earn out payments) of $1.5m and fully paid ordinary shares of $2.5m. To support the acquisition and underpin expansion plans, Mint successfully raised $10m from existing and new investors through the issue of $7m in convertible preference shares and $3m in convertible notes. The composition of the capital raise delivers the optimal funding structure for the business moving forward and supports Mint's growth plans and aspirations for the future.

Given the timing of the acquisition, further work is required to determine the final fair values of the assets acquired and the liabilities assumed, including the finalisation of working capital adjustment, if any. The finalisation of these fair values will be completed within 12 months of the acquisition date, at the latest.

Likely Developments

The uncertain times created by the global COVID-19 pandemic experienced in FY21 are expected to continue into FY22 with no clear certainty on when they will improve. The Company will look to maintain a conservative outlook in the short to medium term with the exact timing and profile of the recovery remains dependent on ongoing vaccine rollouts and speed of opening of borders which will have a material impact on the travel industry. That aside, FY22 is expected to be a year focused on successfully integrating the IPG Group into the Mint business, development and delivery of new products, integration with key middle/ back office partners and branching out into new industry verticals with the application of the Company's unique payments technology platform will allow it to make an immediate impact.

Dividends

No dividend was paid, recommended for payment nor declared during the year.

Share Options

<u>Unissued Shares under Option</u>

As at the date of this report, there were no unissued ordinary shares of Mint Payments Limited.

<u>Shares issued on exercise of options</u>

There were no ordinary shares of Mint Payments Limited issued during or since the end of the financial year as a result of the exercise of an option.

Directors' Meetings

Mint has an Audit and Risk Management Committee and Remuneration and Nomination Committee. The number of Directors' meetings, number of committee meetings and the number of meetings attended by each of the Directors during the financial year under review are:

Director	Board Meetings		Audit & Risk Management Committee Meetings		Remuneration & Nomination Committee Meetings	
	Meetings held during Director's tenure	Meetings Attended	Meetings held during Director's tenure	Meetings Attended	Meetings held during Director's tenure	Meetings Attended
T Cuthbertson	10	10	2	2	1	1
W Bartee	10	10	N/A	N/A	1	1
A Weatherston	10	10	2	2	1	1
Alex Teoh	10	10	N/A	N/A	N/A	N/A

Indemnification and Insurance of Officers and Auditors

Directors and the Secretary are indemnified by Mint against any liability incurred in their capacity as an officer of Mint or a related body corporate to the maximum extent permitted by law. Mint has Directors and Officers Liability insurance.

Mint has not paid any premiums in respect of any contract insuring its auditor against a liability incurred in that role as an auditor of Mint. Pitcher Partners, Mint's auditor has the benefit of an indemnity to the extent Pitcher Partners reasonably relies on information provided by Mint, which is false, misleading or incomplete. No amount has been paid under this indemnity during the financial year ended 30 June 2021 or to the date of this Report.

Non-Audit Services

Details of the amounts paid to Pitcher Partners as the auditor of Mint for audit and non-audit services provided during the year are set out in Note 20 to the financial statements.

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 9 and forms a part of the Directors' Report for the year ended 30 June 2021.

Proceedings on behalf of the Consolidated Entity

During the year under audit and in the interval between the end of the financial year and the date of the report, no person has applied for leave of Court to bring proceedings on behalf of the Company or the Consolidated Entity under section 237 of the *Corporations Act 2001*.

Environmental Regulation

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

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

This report is made in accordance with a resolution of the Directors.

ALEX TEOH
Group Chief Executive Officer and Managing Director

Sydney, New South Wales
20 December 2021

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MINT PAYMENTS LIMITED
ABN 51 122 043 029

In relation to the independent audit for the year ended 30 June 2021, 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 APEC 110 *Code of Ethics of Professional Accountants (including Independence Standards)*.

This declaration is in respect of Mint Payments Limited and the entities it controlled during the financial year.

Mark Godlewski

M A Godlewski
Partner

Pitcher Partners
Sydney

20 December 2021

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Revenue and other income	**7**	2,715,598	3,706,301
Network and service delivery		1,310,118	1,820,386
Purchases & changes in inventories of finished goods		73,569	74,208
Employee benefits expense (excluding share option expense)		2,608,670	3,285,297
Depreciation and amortisation expense	**6**	170,759	251,188
Finance costs		539,316	581,344
Professional fees		371,951	890,100
Selling expense		113,391	213,783
Administration, property & communication expenses		373,911	432,638
Impairment losses arising from contracts with customers	**6**	596	145,165
Other expenses		271,606	547,677
Total expenses		**5,833,887**	**8,241,786**
Loss before income tax		**(3,118,289)**	**(4,535,485)**
Income tax (expense)/ credit	**8**	-	-
Net loss for the year		**(3,118,289)**	**(4,535,485)**
Loss attributable to:			
Equity shareholders	**22**	(3,118,289)	(4,535,485)
Loss for the year		**(3,118,289)**	**(4,535,485)**

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Loss for the year	**(3,118,289)**	**(4,535,485)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	821	(13,547)
Total comprehensive loss for the year	**(3,117,468)**	**(4,549,032)**
Total comprehensive attributable to:		
Equity shareholders	(3,117,468)	(4,549,032)

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $
CURRENT ASSETS			
Cash and cash equivalents	**4**	896,703	201,828
Trade and other receivables	**9**	979,639	1,150,871
Inventories	**10**	206,253	492,410
Other financial assets	**11**	330,055	331,041
TOTAL CURRENT ASSETS		**2,412,650**	**2,176,150**
NON-CURRENT ASSETS			
Plant and equipment	**12**	70,782	143,232
IT Development	**13**	30,523	87,182
TOTAL NON-CURRENT ASSETS		**101,305**	**230,414**
TOTAL ASSETS		**2,513,955**	**2,406,564**
CURRENT LIABILITIES			
Payables	**14**	1,290,830	1,182,284
Unearned revenue		1,750	1,750
Provisions	**15**	483,880	432,710
Short term borrowings	**4**	8,500,000	-
TOTAL CURRENT LIABILITIES		**10,276,460**	**1,616,744**
NON-CURRENT LIABILITIES			
Provisions	**15**	24,651	-
Long term borrowings	**4**	-	8,500,000
TOTAL NON-CURRENT LIABILITIES		**24,651**	**8,500,000**
TOTAL LIABILITIES		**10,301,111**	**10,116,744**
NET ASSETS/ (LIABILITIES)		**(7,787,156)**	**(7,710,180)**
EQUITY			
Contributed equity	**16**	52,665,148	49,388,516
Reserves	**17**	2,445,623	2,680,942
Accumulated losses	**17**	(62,897,927)	(59,779,638)
TOTAL EQUITY/ (DEFICIENCY)		**(7,787,156)**	**(7,710,180)**

	Notes	Consolidated Entity 2021 $	Consolidated Entity 2020 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,811,023	3,044,092
Operating grant receipts		1,154,856	1,190,522
Payments to suppliers and employees		(4,996,825)	(7,615,792)
Interest received		1,120	25,988
Interest paid		(402,836)	(441,083)
Net cash used in operating activities	**21**	**(2,432,662)**	**(3,796,273)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(2,236)	(53,471)
Payment for IT development		(38,797)	(13,174)
Net cash used in investing activities		**(41,033)**	**(66,645)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,755,191	2,851,002
Cost of share issue		(454,670)	(154,171)
Share buy back		(131,951)	-
Proceeds from borrowings		-	1,000,000
Repayment of borrowings		-	(1,000,000)
Payment for other financial assets		-	-
Net cash provided by financing activities		**3,168,570**	**2,696,831**
Net decrease in cash and cash equivalents		**694,875**	**(1,166,087)**
Cash and cash equivalents at beginning of year		201,828	1,367,915
Cash and cash equivalents at end of the year	**4**	**896,703**	**201,828**

Consolidated Statement of Changes in Equity

As at 30 June 2021

	Share Capital $	Share Based Payment Reserve $	Foreign Exchange Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2019	**46,653,489**	**2,593,672**	**20,817**	**(55,244,153)**	**(5,976,175)**
Loss for the year	-	-	-	(4,535,485)	(4,535,485)
Other comprehensive loss	-	-	(13,547)	-	(13,547)
Total comprehensive loss for the year	**-**	**-**	**(13,547)**	**(4,535,485)**	**(4,549,032)**
Recognition of share based payments	-	80,000	-	-	80,000
Issue of ordinary shares	2,851,002	-	-	-	2,851,002
Share issue costs	(115,975)	-	-	-	(115,975)
Balance at 30 June 2020	**49,388,516**	**2,673,672**	**7,270**	**(59,779,638)**	**(7,710,180)**
Balance at 1 July 2020	**49,388,516**	**2,673,672**	**7,270**	**(59,779,638)**	**(7,710,180)**
Loss for the year	-	-	-	(3,118,289)	(3,118,289)
Other comprehensive loss	-	-	821	-	821
Total comprehensive loss for the year	**-**	**-**	**821**	**(3,118,289)**	**(3,117,468)**
Recognition of share based payments	-	-	-	-	-
Issue of ordinary shares	3,623,240	(236,140)	-	-	3,387,100
Share issue costs	(346,608)	-	-	-	(346,608)
Balance at 30 June 2021	**52,665,148**	**2,437,532**	**8,091**	**(62,897,927)**	**(7,787,156)**

NOTE 1: CORPORATE INFORMATION

The financial report of Mint Payments Limited (the Company or "Mint") for the year 30 June 2021 was authorised for issue on 20 December 2021 under delegated authority in accordance with a resolution of the Directors on 20 December 2021.

Mint Payments Limited (the Parent Entity) is a Company limited by shares incorporated in Australia. The financial report includes the Consolidated Entity comprised by Mint and its subsidiaries ("Group" or "Consolidated Entity").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Statement of compliance
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $3,118,289 and a net cash outflow from of operations $2,300,712 for the year ended 30 June 2021. As at 30 June 2021, the Group had cash assets of $896,703, current assets of $2,412,650, current liabilities of $10,276,460 and a net asset deficiency of $7,787,156. The Group also has undrawn working capital borrowing facilities of $3,000,000 available to be utilised throughout the next twelve months if required.

The financial report has nonetheless been prepared on a going concern basis which the Directors consider to be appropriate based upon the forecast for the year ending 30 June 2022 which includes the receipt of the funding via Entitlement Offer, the R&D tax incentives and available undrawn working capital borrowing facilities.

b) Principles of consolidation
The consolidated financial statements are those of the Consolidated Entity comprising the Parent Entity and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

Investments in controlled entities are carried at cost, as calculated based on the fair value of consideration paid by the Company.

c) Acquisitions of assets
The purchase method of accounting is used for all acquisitions of assets (including business combinations). Cost is measured as the fair value of the assets given up, shares issued, or liabilities undertaken at the date of the acquisition plus incidental costs directly attributable to the acquisition.

Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value, and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits is stated at nominal value.

For the purposes of the consolidated cash flow statement, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash within 3 months, net of outstanding bank overdrafts.

e) Intangible assets

Patents, trademarks and licenses

Patents, trademarks and licenses are recorded at cost less accumulated amortisation and impairment.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The intangible assets are amortised over 5 years.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

g) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Recurring Revenue

Income from transaction fees and software licence fees are recognised as recurring revenue.

Services

Revenue is recognised upon rendering of services and the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of expenses incurred that are recoverable.

Software licence fees

Revenue from the sale of software licences is recognised on an accrual basis in accordance with the substance of the relevant agreement.

g) Revenue from contracts with customers (Continued)

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

h) Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received, and all conditions complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the asset to which it relates, the net value of which is amortised over its expected useful life.

The group is treating its actual and expected receipt of the new R&D Tax Incentive refund as a government grant. Where the expenditure has been expensed, the R&D tax incentive is recognised as revenue. Where the expenditure had been capitalised as an asset, the R&D Tax Incentive attributable to the capitalised expenditure, is deducted from the cost of the asset and released to the profit and loss account as a reduction in amortisation expense over the expected useful life of the asset.

Grant receipts in relation to cash flow boost and job-keeper payments are presented as 'other income' and not offset against any relevant expenses.

i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, with the exception of accrued expenses and expense provisions, are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the Consolidated Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

j) 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.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

(i) except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

(i) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

j) Income tax (Continued)

(ii) in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company / Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

As at the date of this report, deferred tax assets have been recognised only to the extent to which they offset deferred tax liabilities as it is not yet considered sufficiently probable that future taxable profits will be generated in the appropriate jurisdictions to enable these to be utilised.

Tax Consolidation
The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group will also enter a tax funding agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

k) Foreign currency
Foreign currency transactions
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise. The functional currency of Mint Payments Limited and all of its subsidiaries is Australian dollars.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

l) Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. Trade accounts are normally settled within 30-60 days.

Payables to related parties are carried at amortised cost. Interest, when charged by the lender, is recognised using the effective interest rate method.

m) Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

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

n) Issued capital
Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

o) 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 consolidated entity 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.

p) Right-of-use assets
The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

q) Plant & equipment
Plant and equipment and fixtures & fittings are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	5 - 15 years

r) Provisions
Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

Provisions are made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle warranty obligations. As the group has limited warranty experience the provision is based on current expectations.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received, and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

s) Share based payments

Share-based compensation benefits are provided to employees via the Mint Payments Limited Employee Option Plan.

The fair value of options granted under the Mint Payments Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflected market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Share-based payments may be used to pay for services provided to the Group and are recorded at fair value at the invoice date through the share based payment reserve until the date at which shares are issued.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

u) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and these benefits can be measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date.

Defined contribution superannuation plans

Contributions to defined contribution superannuation plans are expensed when incurred.

v) Impairment of non-financial assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

v) Impairment of non-financial assets (Continued)

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately.

w) New and revised accounting standards effective at 30 June 2021

The group has applied all new and revised Australian Accounting Standard that apply to annual reporting periods beginning on or after 1 July 2020.

The application of these standards had no impact on the financial statements.

x) Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

y) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 3: SEGMENT INFORMATION

The consolidated entity operates in one segment being mobile payments. This is based on the internal reports that are reviewed and used by the Board of Directors (identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates predominantly in one geographical region being Australia.

NOTE 4: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Mint Payments Limited's Audit and Risk Management Committee (Committee) assists the Board of Directors (Board) perform the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Committee and Board seek to balance the potential adverse effects of financial risks on Mint's financial performance and position with the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various methods available to manage them.

AASB 7 Financial Instruments: Disclosures requires the disclosure of information to assist users of the financial report in assessing the extent of risks related to financial instruments faced by the Group. These risks include financial risks such as market risks (including currency risk, fair value interest rate risk and commodity price risk), credit risk & liquidity risk. These disclosures are not nor are they intended to be an exhaustive list of risks to which Mint is exposed.

a) Market risk

i) Foreign exchange risk

Mint Payments Limited is based in Australia, its shares are listed on the Australian Securities Exchange and the Consolidated Entity reports its financial performance and position in Australian dollars (A$). The Group operates internationally, with the result being that the Group is to some extent exposed to foreign exchange risk arising from fluctuations predominantly in the British Pounds (GBP), Singapore Dollars (SGD) and unless those exposures are appropriately hedged.

As at balance date, the Board's position is to hold foreign currencies where liabilities are expected to be settle in their currency at a future date or take up forward contracts where appropriate so as to minimise exposure to adverse foreign exchange fluctuations.

ii) Interest rate risk and fair values

As the Group has certain floating interest rate deposits there is a risk that the economic value of these deposits may fluctuate because of changes in market interest rates. This risk is considered an acceptable by-product of the Group's efforts to manage its cash flow obligations. As at balance date, the fair value of financial assets and liabilities is equivalent to their carrying amount.

The table below sets out the carrying amount of the financial instruments exposed to interest rate risk (all of which mature within one year):

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Financial Assets		
Cash assets	896,703	201,828
Weighted average effective interest rate 0.01% (2020 – 0.21%)		
Financial Liabilities		
Borrowings	8,500,000	8,500,000

The security and expiry for the borrowing facilities are as follows:

A $8,500,000 working capital borrowing facility (2020: $8,500,000) secured through a fixed and floating charge over the assets and undertakings of Mint (Aust) Pty Ltd. This facility expired in September 2021 and has continued on a month to month basis. The working capital borrowing facilities attract an interest rate equal to the Reserve Bank of Australia cash rate plus 4.5% per annum.

In addition, a $3,000,000 in working capital borrowing facility (2020: $3,000,000) unsecured is held by Mint (Aust) Pty Ltd. This facility expired in September 2020 and has continued on a month to month basis. The working capital borrowing facilities attract an interest rate equal to the Reserve Bank of Australia cash rate plus 4.5% per annum.

NOTE 4: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

b) Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group can fund its operations and continue as a going concern
- To provide an adequate return to shareholders

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group monitors capital on the basis of the carrying amount of equity plus borrowings less cash and cash equivalents as presented on the face of the statement of financial position.

There are no externally imposed capital requirements. There are no covenants on the borrowings.

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. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

The gearing ratio for the reporting periods under review is summarised as follows:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Borrowings	8,500,000	8,500,000
Total debt	8,500,000	8,500,000
Total contributed equity	52,665,148	49,388,516
Debt to issued capital ratio	**16.1%**	**17.2%**

c) Credit risk

The Group trades only with recognised, trustworthy third parties and it is the Group's policy to perform credit verification procedures in relation to any customers wishing to trade on credit terms with the Group. The Group's maximum exposure to credit risk arising from potential default of the counter-party is equal to the carrying value of receivables.

d) Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Group has sufficient working capital.

The group has working capital borrowing facilities of $11,500,000 (2020: $11,500,000) of which $8,500,000 (2020: $8,500,000) was utilised at balance date.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets & financial liabilities to interest rate risk, foreign exchange risk & another price risk.

NOTE 4: FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

		Interest (AUD)				Foreign Exchange (AUD)			
		- 1% 2021 $		+ 1% 2021 $		- 10% 2021 $		+ 10% 2021 $	
	Carrying Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial Assets									
Cash & cash equivalents	AUD777,874	(7,779)	(7,779)	7,779	7,779	n/a	n/a	n/a	n/a
	GBP 107	n/a	n/a	n/a	n/a	20	20	(20)	(20)
	NZD 77,773	n/a	n/a	n/a	n/a	7,238	7,238	(7,238)	(7,238)
	USD 340	n/a	n/a	n/a	n/a	45	45	(45)	(45)
	SGD 46,299	n/a	n/a	n/a	n/a	4,580	4,580	(4,580)	(4,580)
Accounts receivable	SGD12,294	n/a	n/a	n/a	n/a	1,216	1,216	(1,216)	(1,216)
Financial Liabilities									
Trade payables	GBP 6,962	n/a	n/a	n/a	n/a	(1,282)	(1,282)	1,282	1,282
	SGD 16,774	n/a	n/a	n/a	n/a	(1,659)	(1,659)	1,659	1,659
	USD 38,356	n/a	n/a	n/a	n/a	(5,102)	(5,102)	5,102	5,102
Borrowings	AUD 8,500,000	85,000	85,000	(85,000)	(85,000)	n/a	n/a	n/a	n/a

NOTE 5: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing this Financial Report the Group has made certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of IT development expenditure

The Group capitalised IT development expenditure on the basis either that this is expected to be recouped through future successful exploitation of the associated technology or through subsequent sale of the asset.

Deferred tax assets

The Group has carried forward tax losses which have not been recognised as deferred tax assets as it is not yet considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Allowance for expected credit losses

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

Provision for obsolescence inventory

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

NOTE 5: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS (Continued)

The provision for obsolete inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory recoverability and useful life.

Impairment of IT development expenditure

The future recoverability of capitalised IT development expenditure is dependent on a number of factors, including whether the Group decides to continue to exploit the related technology itself or, if not, whether it successfully recovers the related asset through sale. Factors that could impact the future recoverability include the level of market demand, future technological changes, costs of commercialisation, input costs, future legal changes and changes to the pricing structure for credit card payment gateways.

As at 30 June 2021, the carrying value of capitalised IT development is $30,523 (2020: $87,182) after an impairment charge of $Nil for the current year (2020: $Nil).

NOTE 6: OPERATING LOSS	**Consolidated Entity 2021**	**Consolidated Entity 2020**
	$	**$**
Loss before income tax has been determined after the following specific expenses:		
Depreciation and amortisation of non-current assets		
Plant and equipment	98,279	154,655
IT development	72,480	96,533
	170,759	**251,188**
Research and development expenses	1,111,983	1,252,210
Rent expense	146,502	152,068
Defined contribution superannuation expense	198,825	246,608
Obsolescence inventory disposal	-	190,576
Obsolescence inventory provision	186,231	161,178
Bad debts provision	-	85,485
Bad debts written off	596	59,680

NOTE 7: REVENUE	**Consolidated Entity 2021**	**Consolidated Entity 2020**
	$	**$**
Revenue from contracts with customers		
Revenue from sale of goods	64,772	7,577
Revenue from services	69,131	193,169
Recurring revenues	1,674,537	2,616,356
	1,808,440	**2,817,102**
Other Income		
R&D grant income	471,533	544,711
Payroll tax relief	-	26,972
Job-keeper payments	434,505	204,880
Cashflow boosts	-	100,000
Interest	1,120	12,636
	2,715,598	**3,706,301**

NOTE 8: INCOME TAX	Consolidated Entity 2021 $	Consolidated Entity 2020 $
(a) The components of tax (expense)/ credit:		
Current tax	-	-
Total Income tax (expense)/ credit	-	-
(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax	**(3,118,289)**	**(4,535,485)**
At the statutory income tax rate of 26% (2020: 27.5%)	(810,755)	(1,247,258)
Non-deductible expenses	305,672	467,557
Non-assessable (income)/expenses	(167,282)	(246,680)
Change in unrecognised temporary differences	76,444	25,798
Tax rate differential on foreign income	7,181	2,253
Tax losses not recognised during current period	588,741	998,330
Income tax (expense) / credit	-	-

The Group has not recognised net deferred tax assets of $9,723,674 (2020: $9,546,961) respectively at reporting date as it is not probable that the losses will be recouped in the short term.

NOTE 9: RECEIVABLES	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Receivables from contracts with customers		347,675	176,684
Expected credit losses		(85,485)	(85,485)
Net trade receivables	(i)	262,190	91,199
Other receivables		107,237	309,519
Prepayments and other assets		126,499	205,442
R & D receivable		483,713	544,711
		979,639	**1,150,871**
0-3 months		-	(13,530)
3-6 months		-	(13,500)
Over 6 months		(85,485)	(58,455)
Allowance for expected loss		**(85,485)**	**(85,485)**

(i) Impaired receivables: as at 30 June 2021 current trade receivables of the group with a nominal value of $Nil (2020: $Nil) were impaired. The amount of the allowance for doubtful debt was $85,485 (2020: $85,485).

a) Movements in the provision for impairment of receivables.

At 1 July		-	-
Provision for impairment recognised during the year		-	-
At 30 June	(ii)	-	-

(ii) The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets and are

NOTE 9: RECEIVABLES (Continued)

not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $
b) Receivables not impaired			
Not past due		156,506	67,669
31-60 days from invoice		1,441	5,208
61-90 days from invoice		4,432	5,676
more than 91 days from invoice		185,296	98,131
Net trade receivables	(iii)	**347,675**	**176,684**

(iii) As of 30 June 2021, trade receivables of $105,685 are past due (2020: $23,530) but not impaired.

NOTE 10: INVENTORIES

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
CURRENT		
Finished goods		
- at cost	579,805	679,731
- provision for obsolescence	(373,552)	(187,321)
Total inventories	**206,253**	**492,410**

NOTE 11: OTHER FINANCIAL ASSETS

	Note	Consolidated Entity 2021 $	Consolidated Entity 2020 $
CURRENT			
Security Deposits	(i)	330,055	331,041
		330,055	**331,041**

(i) Security deposits are in relation to the Group's obligations for its Sydney Offices of $78,918 and as security for an indemnity for losses that may arise under a customer contract of $251,137. Security deposits are measured at amortised cost.

NOTE 12: PLANT AND EQUIPMENT

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Plant & equipment		
At cost	929,218	1,011,108
Accumulated depreciation	(858,436)	(867,876)
	70,782	**143,232**
Plant and equipment		
Carrying amount at beginning	143,232	200,866
Additions	26,732	97,037
Disposals	(761)	-
Translation of foreign assets on consolidation	(142)	(16)
Depreciation expense	(98,279)	(154,655)
	70,782	**143,232**

NOTE 13: IT DEVELOPMENT	**Consolidated Entity 2021 $**	**Consolidated Entity 2020 $**
IT Development	2,763,822	2,708,257
Accumulated amortisation change	(2,733,299)	(2,621,075)
Net carrying amount	**30,523**	**87,182**
Opening net book amount	87,182	183,715
Additions	28,000	-
R&D Tax Incentive received in respect of expenditure capitalised	(12,180)	-
Disposals	-	-
Amortisation charge	(72,480)	(96,533)
Closing net book value	**30,523**	**87,182**

NOTE 14: PAYABLES	**Consolidated Entity 2021 $**	**Consolidated Entity 2020 $**
CURRENT		
Trade payables	760,558	698,271
Other payables, accruals and income in advance	530,272	484,013
	1,290,830	**1,182,284**

NOTE 15: PROVISIONS	**Consolidated Entity 2021 $**	**Consolidated Entity 2020 $**
CURRENT		
Employee benefits	396,280	345,110
Make good provision	87,600	87,600
	483,880	**432,710**
NON-CURRENT		
Employee benefits	24,651	-
	24,651	**-**
	508,531	**432,710**
Movements in provisions for employee benefits		
Carrying amount at the beginning of the year	345,110	435,787
Additional provision recognised	249,104	16,837
Utilised during the year	(173,282)	(107,514)
Carrying amount at the end of the year	**420,932**	**345,110**

NOTE 16: CONTRIBUTED EQUITY	2021 No.	2020 No.
a) Issued and paid up capital		
Ordinary Shares	**1,127,373,760**	**910,480,077**

b) Movements in shares on issue

	Date	No. of Shares	$
Beginning of the financial year	**1-Jul-20**	**910,480,077**	**49,388,516**
Issue of fully paid ordinary shares	4-Aug-20	224,705	3,820
Issue of fully paid ordinary shares	10-Aug-20	65,701,536	1,116,926
Issue of fully paid ordinary shares	12-Aug-20	108,823,530	1,850,000
Issue of fully paid ordinary shares	17-Aug-20	20,767,200	308,882
Issue of fully paid ordinary shares	25-Aug-20	27,974,249	475,562
Share buy back	7-Sep-20	(6,597,537)	(131,950)
Share issue costs		-	(346,608)
Closing Balance	**30-Jun-21**	**1,127,373,760**	**52,665,148**

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital, nor par value in respect of its issued shares.

NOTE 17: RESERVES AND ACCUMULATED LOSSES	Consolidated Entity 2021 $	Consolidated Entity 2020 $
a) Share based payment reserve		
Balance at the beginning of year	2,673,672	2,593,672
Movement during the year	(236,141)	80,000
Balance at end of year	**2,437,531**	**2,673,672**
b) Foreign exchange reserve		
Balance at the beginning of year	7,271	20,817
Movement during the year	821	(13,546)
Balance at end of year	**8,092**	**7,271**
	2,445,623	**2,680,943**
c) Accumulated Losses		
Balance at the beginning of year	(59,779,638)	(55,244,153)
Net loss for the year	(3,118,289)	(4,535,485)
Balance at end of year	**(62,897,927)**	**(59,779,638)**

The share-based payment reserve is used to record items recognised as expenses on valuation of employee shares and options. It is also used to pay for services provided to the Group and are recorded at fair value at the invoice date through the share based payment reserve until the date at which shares are issued.

The foreign exchange reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

NOTE 18: SHARE BASED PAYMENTS

a) Employee option plan

As at balance date, the Company has no options on issue.

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Each option granted under the Mint Payments Limited Employee Option Plan entitles the employee to acquire one ordinary share of Mint Payments Limited. There are no voting or dividend rights attaching to the options until they are exercised by the employee, at which point ordinary shares which rank equally with all other Mint shares.

All options expire on the earlier of their expiry date or termination of the individual's employment. There were no movements in options on issue in FY21.

b) Employee share plan

During or since the end of the financial year, nil ordinary shares have been issued as result of exercise of options granted under the Mint Payments Limited Employee Option Plan and nil ordinary shares have been issued under the Mint Payments Limited Employee Share Plan.

Shares issued under the employee share plan are based on the volume weighted average share price of the relevant period in which the key performance indicators relate to and issued without consideration. Shares issued under the employee share plan are fully paid ordinary shares that rank pari passu in all respects with the Company's existing fully paid ordinary shares.

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

The Directors of Mint Payments Limited during the year were:

- **Terry Cuthbertson,** Non-Executive Interim Chairman
- **William Bartee,** Non-Executive Director
- **Anne Weatherston,** Non-Executive Director
- **Alex Teoh,** Group Chief Executive Officer and Managing Director

Other Key Management Personnel in office at any time during the financial year were as follows:

- **Nicholas Cooper,** Group Finance Director
- **Witold J Christek,** Head of Technology
- **Andrew Teoh,** Managing Director of Mint Payments Asia Pte Ltd

Other than the above personnel, no other persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the year.

a) Loans to Key Management Personnel

There were no loans made to Directors of Mint Payments Limited or other Key Management Personnel of the Group (or their personally related entities) during the year.

b) Compensation

The aggregate compensation made to directors and other members of Key Management Personnel of the consolidated entity is set out below:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Short-term employee benefits	552,837	743,214
Post-employment benefits	52,057	58,144
Share-based payments	51,638	-
	656,531	**801,358**

c) Other transactions with Key Management Personnel

Mint (Aust) Pty. Ltd. has a $3,000,000 unsecured working capital borrowing facility (2020: $3,000,000) with TAAJ Corporation Pty Ltd, an entity associated with Alex Teoh. The working capital borrowing facility attracts an interest rate equal to the Reserve Bank of Australia cash rate plus 4.5% per annum and was expired in September 2020 which has been rolled over on a month to month basis. During the year, Mint (Aust) Pty Ltd paid $Nil in interest to TAAJ Corporation Pty Ltd.

NOTE 20: AUDITORS REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Parent Entity, its related practices and non-related audit firms:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Amounts received or due and receivable by **Pitcher Partners for:**		
(i) Audit and other assurance services		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	55,202	55,816
Total remuneration for audit and other assurance services	**55,202**	**55,816**
(ii) Other non-audit services	-	-
Total remuneration for non-audit services	**-**	**-**
Total remuneration of Pitcher Partners	**55,202**	**55,816**

NOTE 21: RECONCILIATION OF LOSS AFTER INCOME TAX TO THE NET CASH USED IN OPERATIONS	**Consolidated Entity 2021 $**	**Consolidated Entity 2020 $**
Net loss after income tax	(3,118,289)	(4,535,485)
Non-Cash Items		
Depreciation	98,279	154,655
Amortisation of IT development	72,480	96,533
Interest expenses accrued but not paid	-	-
Disposal of inventory	-	190,576
Provision for obsolescence	186,231	161,178
Share options expense	-	-
Bad debts written off	596	145,165
Foreign exchange	(128,470)	18,107
	(2,889,174)	**(3,769,271)**
Changes in assets and liabilities		
(Increase)/decrease in trade & other receivables	93,274	(33,833)
(Increase)/decrease in inventory	99,927	400,073
(Increase)/decrease in prepayments & other assets	78,943	(277,151)
(Decrease)/increase in trade & other payables	108,545	(504,283)
(Decrease)/increase in provisions	75,822	(90,677)
	456,511	**(27,002)**
Net cash used in operating activities	**(2,432,663)**	**(3,796,273)**

NOTE 23: SUBSEQUENT EVENTS

In August 2021, the Company and Helloworld signed an exclusive partnership agreement for the Company to deliver Australia and New Zealand's first end-to-end payments solution tailored specifically for the Travel industry. Payment services will encompass EFTPOS terminals, online credit card payments, real-time bank transfers / electronic funds transfers and a range of new payment types planned for the future. Helloworld will first launch with Mint at the end of August 2021, Mint's new real-time electronic funds transfer (EFT) product, that will be made available to over 2,000 travel agents and wholesale businesses for their B2B supplier payment requirements

On 1 September 2021, the Company completed the acquisition of 100% of the share capital of IPG Group (IPG), an eCommerce payment gateway company incorporated in Hong Kong along with three branches operation in Hong Kong, Europe and Australia. Mint and IPG are strategically aligned - providing market leading end-to-end payment solutions across niche industry verticals. IPG will also bring key technology as well as Asian and European presence/customers. In FY22, the combined businesses (IPG & Mint) are forecasted to reach critical transaction volumes of $1,678m, over $11.2m in revenues and will be monthly operating EBITDA positive; post acquisition.

The Company acquired IPG Group for a net consideration of $13,000,000 including deferred consideration (earn out payments) of $1,500,000 and fully paid ordinary shares of $2,500,000. To support the acquisition and underpin expansion plans, Mint successfully raised $10,000,000 from existing and new investors through the issue of $7,000,000 in convertible preference shares and $3,000,000 in convertible notes. The composition of the capital raise delivers the optimal funding structure for the business moving forward and supports Mint's growth plans and aspirations for the future.

Given the timing of the acquisition, further work is required to determine the final fair values of the assets acquired and the liabilities assumed, including the finalisation of working capital adjustment, if any. The finalisation of these fair values will be completed within 12 months of the acquisition date, at the latest.

There has not been any other matter or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the Consolidated Entity's operations, results of those operations or the state of affairs in future financial years.

NOTE 24: COMMITMENTS AND CONTINGENCIES	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Lease expenditure commitments		
a) Operating leases (non-cancellable):		
Minimum lease payments (i)		
- Not later than one year	3,600	3,600
- Later than one year and not later than five years	1,509	5,109
- Later than five years	-	-
- Aggregate lease expenditure contracted for at reporting date	**5,109**	**8,709**

(i) Relates predominately to the Sydney office equipment lease.

NOTE 25: RELATED PARTY TRANSACTIONS

There have been no transactions with related parties during the year ended 30 June 2021 other than as disclosed elsewhere in the financial report.

NOTE 26: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Mint Payments Limited, financial statements:

a) Summarised statement of financial position	Parent Entity 2021 $	Parent Entity 2020 $
Assets		
Current assets	138,620	229,989
Total assets	**138,620**	**229,989**
Liabilities		
Current liabilities	818,066	472,924
Total liabilities	**818,066**	**472,924**
Net assets	**(679,446)**	**(242,935)**
Equity		
Share capital	52,665,148	49,388,516
Reserves	2,375,093	2,611,233
Accumulated losses	(55,719,687)	(52,242,684)
Total equity	**(679,446)**	**(242,935)**

The directors reassessed the recoverability of the intercompany loans and believe these were impaired in the prior years.

b) Summarised statement of comprehensive income		
Loss for the year	(3,477,002)	(4,095,540)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(3,477,002)**	**(4,095,540)**

NOTE 26: PARENT ENTITY DETAILS (Continued)

c) **Wholly–owned Group**

Details of interests in wholly-owned controlled entities are set out at part (d) of this note. Details of dealings with controlled entities are as follows:

Inter-Company accounts
Mint Payments Limited provides working capital to its controlled entities. Transactions between Mint Payments Limited and other controlled entities in the wholly-owned Group during the year ended 30 June 2021 consisted of:
(i) Working capital advanced by Mint Payments Limited;
(ii) Provision of services by Mint Payments Limited; and
(iii) Expenses paid by Mint Payments Limited on behalf of its controlled entities.

The above transactions were made interest free with no fixed terms for repayment.

d) **Investments in Controlled Entities**

Name of Entity **Controlled Entities**	**Country of Incorporation**	**Class of Shares**	**Equity Holding 2020 %**	**Equity Holding 2019 %**
Mint (Aust) Pty Limited	Australia	Ordinary	100	100
Mobile Content Management Pty Limited	Australia	Ordinary	100	100
Mint Intellectual Property Pty Limited	Australia	Ordinary	100	100
Mint Australia Pty Limited	Australia	Ordinary	100	100
Mint Sales Australia Pty Limited	Australia	Ordinary	100	100
Mint New Zealand Pty Limited	Australia	Ordinary	100	100
Mint Wireless International UK Limited	United Kingdom	Ordinary	100	100
Mint Wireless International Limited	Hong Kong	Ordinary	100	100
Mint Payments Asia Pte. Ltd.	Singapore	Ordinary	100	100

e) **Ultimate Parent Company**

The ultimate parent company in the wholly-owned Group is Mint Payments Limited, a Company incorporated in Australia.

f) **Parent entity guarantees**
The parent entity has not given any guarantee or indemnity in respect of the debt facilities of the controlled entities.

g) **Parent entity contingent liabilities**
The parent entity did not have any contingent liabilities as at 30 June 2021 (2020: $Nil).

h) **Parent entity contractual commitments**
As at 30 June 2021, the parent entity did not have any contractual commitments for the acquisition of the property, plant and equipment.

Mint Payments Limited is a listed public Company, incorporated and operating in Australia.

Registered Office	**Principal place of business**
Level 4, 450 Victoria Road GLADESVILLE NSW 2111 Australia	Level 4, 450 Victoria Road GLADESVILLE NSW 2111 Australia

The entity has a formally constituted audit committee.

In the Directors' opinion:

(a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of Consolidated Entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

  (ii) compliance with Accounting Standards and *Corporations Regulations 2001*; and

  (iii) compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

……………………………………………………
ALEX TEOH
Group Chief Executive Officer and Managing Director

Sydney, New South Wales
20 December 2021

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MINT PAYMENTS LIMITED
ABN 51 122 043 029

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINT PAYMENTS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mint Payments Limited “the Company” and its controlled entities “the Group”, which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

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

(a) giving a true and fair view of the Group’s financial position as at 30 June 2021 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 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 management.
- Conclude on the appropriateness of management's 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.

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.

Mark Godlewski

Pitcher Partners

Mark Godlewski
Partner

Pitcher Partners
Sydney

21 December 2021