

Mint Payments announces application for Voluntary Removal from the Official List of the ASX

Key highlights:

- MNW has applied to ASX for removal from the Official List of the ASX
- View of the Board is that a delisting of MNW is in the best interests of shareholders
- Reasons for pursuing delisting include MNW's liquidity and limited trading on the ASX, potential to improve the Company's cost base, and greater flexibility to execute future funding and strategic opportunities as an unlisted entity
- ASX has granted approval for a delisting subject to certain conditions, including MNW obtaining shareholder approval for the delisting
- MNW's strategic focus will continue to be the Company's core travel payments platform
- General meeting to be held on Friday 21 August 2020 to seek shareholder approval for delisting
- MNW to undertake a minimum holding buyback of unmarketable parcels of shares at 2.0 cents (\$0.020) to enable smaller shareholders to exit the register
- MNW also intends to undertake a pro-rata renounceable rights issue to raise up to \$3.5 million to fund the costs of the offer, the minimum holding buyback, the delisting and general working capital (including restructuring costs)
- MNW has received commitments from existing major shareholders to support the proposed rights issue
- Rights issue to be undertaken at a price of 1.7 cents (\$0.017) which represents a 14.2% discount to the 1-month volume weighted average price (VWAP) of MNW shares traded on ASX and a 9.17% discount to the 5-day VWAP

Sydney, AUS, Tuesday 14 July 2020: Australian-based Mint Payments Limited (**Mint**, **MNW** or **Company**) (ASX:MNW) announces that it has formally applied to ASX Limited (**ASX**) requesting the removal of the Company from the official list of the ASX (**the Official List**) pursuant to ASX Listing Rule 17.11 and ASX has accepted its application and resolved to remove the Company from the Official List subject to the satisfaction of the conditions set out below (**Delisting**).

Conditions to Delisting

The formal application follows Mint obtaining in-principle advice from the ASX in relation to the ASX's position regarding a request from the Company to be removed from the Official List. ASX has advised Mint that it would be likely to grant such a request and remove the Company from the Official List on a date to be decided by ASX, subject to the Company's compliance with the following conditions:

1. The request for removal of MNW from the Official List is approved by a special resolution of shareholders of MNW.
2. The Notice of Meeting seeking security holder approval for the Company's removal from the Official List (**Notice**) must:
 - (a) include the time and date at which the Company will be removed from ASX if that approval is given;
 - (b) include a statement to the effect that the removal will take place no earlier than one month after approval is granted; and
 - (c) include, to ASX's satisfaction, information prescribed by section 2.11 of ASX Guidance Note 33.
3. The Company releases the full terms of ASX's decision to the market on making a formal application to ASX to remove the Company from the Official List.

Following a detailed review, the Board of Directors of the Company (**Board**) has unanimously determined that the Delisting is in the best interests of shareholders, for the reasons set out below.

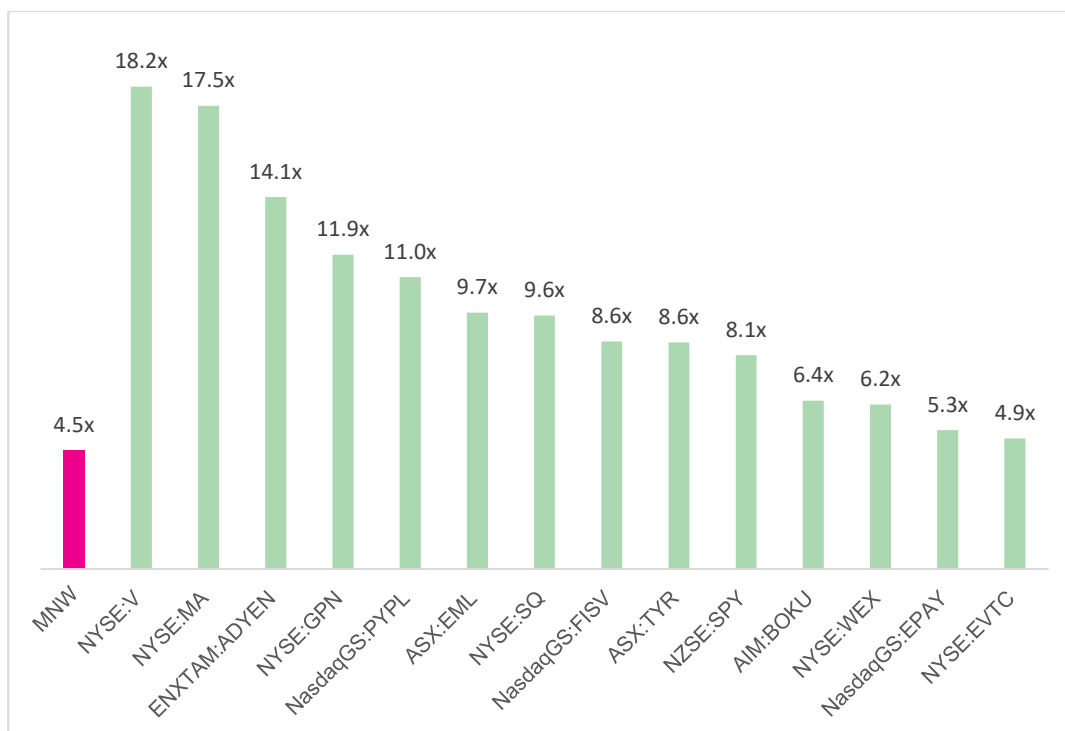
Mint intends to comply in full with the above conditions and proposes to send the Notice of Meeting to all shareholders on or around Wednesday 22 July 2020.

Mint will seek to maintain its listing on the ASX for approximately 4 weeks after the general meeting of shareholders to approve the Delisting is held. On the basis that the general meeting is held on Friday 21 August 2020, Mint has requested that the Nominated Time for the Company's removal from the Official List be 4.00 p.m. (AEST) on Monday 21 September 2020.

Reasons for Delisting

Following due consideration, the Board resolved that the continued listing of the Company's securities on the Official List was no longer in the best interests of the Company and its shareholders. Factors the Board considered include the following:

1. **Undervalued securities:** It is the Board's view that the price at which Mint Shares have traded on ASX over an extended period of time does not appropriately reflect the underlying value of the business. Mint's ordinary shares (**Shares**) (as at 30 June 2020) trade on the ASX at low multiples of historical revenue (to 30 June 2019) relative to both international and domestic peers as shown in the below table:



- Liquidity:** Mint's share register is highly concentrated, with approximately 71% of the issued share capital held by the top 20 shareholders and a significant number of unmarketable parcels.

The current spread of shareholders and their aggregate holdings of Shares may not be sufficient to maintain an orderly and liquid market in the Shares. Mint does not have any reason to believe that there will be a substantial increase in its shareholder spread or the liquidity of the Shares in the future.

- Limited Trading:** With the exception of a trading spike in June 2020, historically there has been very limited trading in the Shares and it is unlikely that, absent the Delisting, there would be a substantial increase in trading in the foreseeable future.

For example, the below table sets out the daily average trading volumes for the Shares in each month during the 2020 calendar year:

Month	Daily average volume (% of issued capital)	Daily average volume	Daily average value (\$)
Jun	0.67%	6,113,488	124,450
May	0.18%	1,628,811	11,177
Apr	0.07%	597,147	3,487
Mar	0.03%	287,295	2,516
Feb	0.05%	432,789	6,489
Jan	0.00%	41,423	784

This lack of liquidity affects the ability of shareholders to realise their investments and creates difficulties for potential investors to purchase Shares.

- 4. Share price fluctuation:** As a result of the illiquidity of the stock, the Company's Share price is particularly vulnerable to trades that are small in either volume or value. The Board believes this has led to a high level of fluctuation in the Company's Share price which has disproportionately impacted the value of securities leading to the Company's Shares trading at a price which is materially lower than the underlying value of the Company's net assets. By way of example:
 - (a) over the course of February 2020 to April 2020, the Share price declined 70% with only 4.3% of the Company's issued capital being traded;
 - (b) a recent trading spike following the above period saw the Share price increase by 283% with 17.4% of the Company's issued capital being traded; and
 - (c) since the peak in June 2020 the Share price declined 30% with 8.3% of the Company's issued capital being traded.
- 5. Lack of investor interest/support:** The Company requires capital in order to maintain and grow its business. Recent capital raisings have been heavily supported by a particular number of shareholders, largely being the Company's major shareholders listed above, indicating a lack of support from equity markets generally. Retail investor interest in the Company is low and has remained so despite continued efforts by the Company to attract and retain investors.
- 6. Administrative costs of ASX listing:** The Board is of the view that significant costs savings could be achieved by removing the substantial administrative costs associated with being a listed entity, including indirect costs associated with the need to devote management's time to attending to matters relating to being listed on ASX which could be better directed elsewhere.

The Directors estimate annual savings of between \$319,000 and \$616,000 were the Delisting to proceed and accordingly the Board believes that the sizeable costs associated with retaining a listing on the Official List outweigh the benefits of maintaining such a listing. In reaching such a view, the Board has considered the costs associated with being a listed entity in light of:

- (a) the lack of investor support for the Company outside of its existing major shareholders in recent years; and
 - (b) the Company's need to conserve cash for working capital purposes (a need that has been exacerbated by the challenges posed by the COVID-19 pandemic) and investment in further development of its hardware and software products.
- 7. Future funding alternatives and strategic transactions:** The Directors consider that the Delisting may unlock the potential for greater flexibility for the Company to progress future funding alternatives and strategic transactions as an unlisted entity, particularly in the M&A space.

Given the lack of liquidity and low frequency of trading in the Shares, the Company does not believe that its Share price is an accurate indication of the Company's value. If the Shares were unlisted, the Company believes that it is more likely to be able to conduct

M&A activities at a valuation that is closer to the Directors' assessment of the Company's value, rather than the market value currently associated with the Shares.

The Directors consider that the Delisting will enable the Company to more easily access private capital, particularly from investors who see the Company's listing as a hurdle to them making an investment in Mint.

Capital Raising in conjunction with Delisting

In conjunction with the Delisting, the Company proposes to invite eligible shareholders to participate in a partially underwritten pro-rata renounceable 1 for 4.4 rights issue at 1.7 cents per Share to raise up to \$3.5 million (**Entitlement Offer**).

The purpose of the Entitlement Offer is to provide funding for Mint's growth initiatives in sales, marketing and product development, ongoing working capital expenditure, and the costs associated with the Entitlement Offer, the Delisting and the minimum holding buyback.

Existing major shareholders of the Company, namely Roadhound Electronics Pty Ltd (**Roadhound**), Perennial Value Management Limited (**PVM**) and TAAJ Corporation Pty Ltd (an entity associated with Managing Director and Group CEO Alex Teoh), have agreed to pre-commit to take up their full entitlements available under the Entitlement Offer. Further, Roadhound and PVM have agreed to partially underwrite any shortfall to the Entitlement Offer to the value of \$1.65 million and \$200,000, respectively. The commitments that have been received in respect of the Entitlement Offer mean that the Company is confident of being able to raise approximately \$3.5 million, securing the near term future of the Company.

Further details of the Delisting and the Entitlement Offer will be provided to shareholders in the Notice of Meeting expected to be dispatched on or around 22 July 2020 and in the Entitlement Offer Document expected to be lodged with ASX and dispatched to eligible shareholders in accordance with the indicative timetable set out below.

Minimum holding buyback

To provide smaller shareholders with the ability to exit their holdings prior to the Delisting, on the basis that they may not want to hold shares in an unlisted entity, a liquidity facility will be offered in the form of a minimum holding buyback (**Buyback**) for shareholders holding parcels of Shares that are less than a marketable parcel (being those worth less than \$500 based on the last closing sale price of the Shares before the date of this announcement).

The Buyback will be priced at 2 cents per Share and undertaken on an "opt-out" basis. There are approximately 586 shareholders holding a parcel of Shares worth less than \$500 based on the last ASX closing sale price of \$0.02 for a Share on 13 July 2020. Collectively, these shareholders hold around 5,485,870 Shares in aggregate representing approximately 0.60% of the total issued capital of the Company.

All Mint shareholders with an unmarketable parcel will receive a letter outlining the Buyback process and will have 6 weeks to opt-out of the Buyback in order to retain their Shares. Shareholders who hold an unmarketable parcel of Shares (based on the closing sale price of a Share at the expiry of the opt-out period) who take no action will receive 2 cents per Share held, without incurring any brokerage costs.

Indicative Timetable*

EVENT	DATE
Delisting	
Formal application submitted to ASX	Tuesday 14 July 2020
Notice of meeting dispatched	Wednesday 22 July 2020
General Meeting held	Friday 21 August 2020
Removal of the Company from ASX Official List	Monday 21 September 2020
Minimum holding buyback/sale facility	
Record date for determining which shareholders may participate in the minimum holding buyback	Tuesday 14 July 2020
Dispatch minimum holding buyback offer and divestiture notice to holders of unmarketable parcels and give to ASX	Wednesday 15 July 2020
Closing date for receipt of share retention forms	Thursday 27 August 2020
Acquisition of unmarketable parcels completed	Friday 28 August 2020
Entitlement Offer	
Announcement of Entitlement Offer	Tuesday 14 July 2020
Record Date to determine entitlements under Entitlement Offer	Friday 17 July 2020
Entitlement Offer closes	Friday 31 July 2020

*Note: this timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the date of the General Meeting and closing date of the Entitlement Offer without prior notice, subject to the ASX Listing Rules and Corporations Act. Any extension of the date of the General Meeting will have a consequential effect on the anticipated date for the Delisting.

Future Strategy

Mint remains focussed on continuing to roll out its core payments platform in Australia and New Zealand.

As previously announced to the market on 24 March 2020, the Company has seen a material decline in TTV from the Direct Travel channel due to the impact of COVID-19. However, Mint continues to expand its merchant base by offering new customers highly competitive rates, no security bond to utilise the platform and integration with industry technology platforms. These key product attributes help SME businesses optimise their cost base, release working capital and drive operational efficiencies in the current environment.

Delivering on Mint's payment product roadmap is also a key focus of the Company's future strategy. Mint anticipates launching new payment types, methods and financial services that can be applied throughout the supply chain that will further enhance the Company's value proposition while increasing retention and share of wallet for each transaction processed by Mint.

The Delisting provides an opportunity to further optimise the Company's cost base in addition to the company-wide cost saving program previously announced. It also opens up new funding alternatives and strategic opportunities that were not available whilst listed on the ASX.

Following Delisting

Following the Company's removal from the Official List:

1. Shareholders will have their CHESS holdings converted to the certificated sub-register on the Company's register. This process will occur automatically, and no action will be required by shareholders. The sub-register will be unlisted and accordingly the Company's securities will not be able to be traded on the ASX.
2. Shareholders wishing to trade their Shares will be entitled to transfer their Shares off-market to a willing third-party purchaser in accordance with the Company's constitution.
3. As the Company will likely have more than 100 shareholders, it will be an "unlisted disclosing entity" under the Corporations Act pursuant to the guidance set out in ASIC Regulatory Guide 198. As such the Company will still be required to give continuous disclosure of material matters in accordance with the Corporations Act by filing notices with ASIC under section 675 of the Corporations Act, will be required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act and will be required to provide disclosure for any offer of securities to retail investors in accordance with the provisions of the Corporations Act.
4. The holders of Shares will continue to have the rights attaching to Shares, including but not limited to, the right to:
 - (i) receive notices of meetings and other notices issued by Mint;
 - (ii) exercise the voting rights attached to the underlying Mint shares; and
 - (iii) receive any dividends paid by Mint from time to time to Mint's shareholders.

Options available to shareholders

If a shareholder considers the removal from the Official List to be contrary to the interests of the shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a shareholder considers that the removal from the Official List involves "unacceptable circumstances", it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

Superior proposal or change in circumstances

The Delisting, Buyback and Entitlement Offer are subject to no superior proposal emerging and no circumstances affecting the Company otherwise changing. The Company reserves the right not to proceed with the Delisting, Buyback and/or proposed Entitlement Offer in its absolute discretion, including if in the view of the Board a superior proposal emerges or circumstances otherwise change requiring the Company to re-assess the merits of the Delisting, Buyback and/or proposed Entitlement Offer.

This announcement is authorised for release by the Board of Directors of Mint Payments Limited.

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For further information on the Company, please visit www.mintpayments.com or contact:

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