



# Annual Report

2019

# Mint



**MINT PAYMENTS LIMITED**  
**ABN: 51 122 043 029**

**FINANCIAL REPORT**  
**30 JUNE 2019**

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# LETTER FROM THE CHAIRMAN

Dear fellow Shareholders,

FY2019 has been another challenging but rewarding year for Mint. We continue to invest, build and grow the business whilst endeavouring to be nimble and react to industry and market changes and opportunities. As foreshadowed last year, your Board and Executive team committed to begin executing on our direct to customer strategy in addition to continuing to support our white-label and mobile heritage clients. With the launch of Mint's new brand together with a new service offering of rewarding our customers in addition to providing a superior payment service, we have been encouraged by the early success in the Australian market.

As a result, Mint has developed a vertically focused approach and has developed its payment products to apply to markets with needs that are not properly met by generalist payments providers. Whilst we envisage opportunity in several verticals, during the year it became clear that there was a unique opportunity in the Travel sector. As such the Board decided to focus on Travel almost exclusively in FY2019. We envisage expansion into other verticals in the coming year.

Travel is the largest eCommerce vertical globally, with payment transaction values in all markets exceeding \$1 trillion, and the Australian market growing to approximately \$20 billion per year spend. Through a concerted Sales and eMarketing initiative we have enjoyed strong success in penetrating the sector with tailored and rewarding solutions and see great scope for accelerated growth. This has also involved reviewing the role we play in the payment value chain and the partnerships required to win and board new business and maximise revenues accordingly. I am pleased to note that we have entered into a new global acquiring relationship which secures our new role in Travel and is able to be leveraged across other verticals.

In Q4FY19, the Travel vertical represented approximately 73% of Mint's total transaction values (TTV) and 58% of recurring revenues. By the end of the FY19 year, Mint successfully processed approximately \$800m of transaction values, with \$650m attributed to the Company's Travel business. A number of investments have been required to service the new strategy around IT, Marketing and Partnerships which are on-going but will decrease over the remainder of the year ahead.

Whilst Direct Travel has been the focus, Mint has also successfully deployed its licensed software and hardware in Singapore through its partner NETS. Although, we are optimistic about the opportunities for the Company in Asia in the longer term, being reliant on multiple third parties to sell and deliver solutions has proven to be challenging. As such we continue to support our contract with NETS but have ceased any further investment and do not envisage any major revenue contribution in FY2020.

The Bank of New Zealand contract has performed well and the Company is excited with its new EFTPOS payment product supplied by Mint to be launched into the NZ market in late 2019. We have no further major investment required for this project and client and look forward to continuing a highly successful relationship.

I look forward to an exciting year ahead as we continue to re-focus and build out our Direct service and product offerings in the Australian market. We will continue to monitor other regional opportunities and react accordingly.

The entire Team at Mint has worked very effectively through challenging times and I would like to thank each of them for their loyalty and support of your company. It is through their hard work and endeavours that we are able to serve our clients every day and I thank them, also every day, for their business. I would also like to extend my appreciation to my fellow Board members for their continued support and counsel to the business. Lastly, thanks to you, our shareholders, for your continued support and I look forward to a successful 2020.



**Peter Wright**  
Non-Executive Chairman



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

## Dear fellow Shareholders,

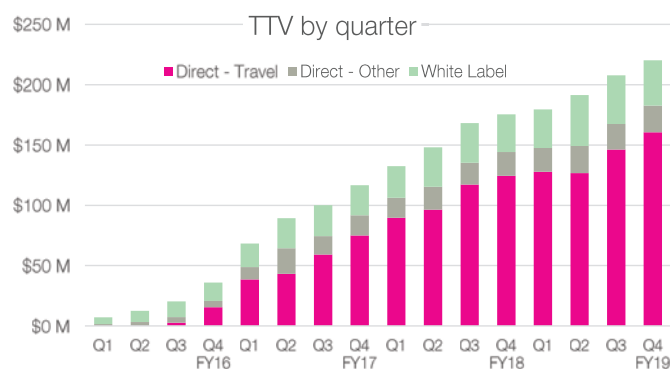
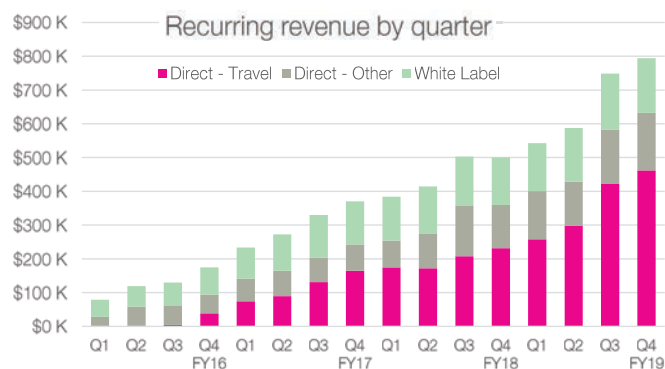
The past 12 months has been a period of change for the Mint business, as we transitioned from a largely indirect channel business to focus on a direct to customer channel model that was growing at a rate that we can be proud of. It also allowed the business to successfully launch Mint's new brand and vision – one that looks to reward our merchants, not just providing a functional payment service to their business. A lot of lessons have been learnt over the last year and my belief in our passion and determination to successfully help companies of all sizes to transact in more rewarding ways remains as strong as ever.

## Focused Strategy

Our strategy is a simple one. To be successful in this burgeoning global payments market, we have to be focused on delivering market leading, vertically focused, industry payment solutions that reward our merchants for just doing business.

We must ensure that every interaction a customer has with Mint should add genuine value. Whether that's through speedy on-boarding, low transaction fees, amazing customer service, value-added integrations and reward programs. Deep immersion in the vertical enables Mint to identify nuances in both the needs of the merchant and the supply chain, which are then leveraged to develop more relevant products for the merchant, with highly rewarding customer experiences and healthy margins that accompany less competitive markets. If we achieve this, I believe we will deliver value to our people, our merchant customers, our partners and, of course, our shareholders.

In FY19, Mint's financial and operating performance improved across the board. WE processed over \$799m in total transaction value (TTV), up 28% from the previous year. As a result, the Group achieved total revenues of \$4.9m, up 34% from the previous year, with recurring revenues growing 48% to \$2.7m. This was a good result despite significant investment to support the Group's wholesale white label enterprise partners, as well as investing in a meaningful way Mint's direct channel.



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

## Direct channel – Travel vertical emerges as the key driver of growth

During FY19, Mint's travel vertical has grown to ~230 merchants transacting \$650m+ in annualised transaction values. In the last quarter of FY19, Travel represented 73% of Mint's TTV and 58% of recurring revenues alone.

Although we have grown our travel payments offering quite substantially over the last twelve months, it wasn't without its challenges of not being able to on-board travel merchants as efficiently as we would have liked. However, the impact of "same day onboarding" platform feature evident from Q3 had resulted in an increased rate of new merchant acquisition and revenue growth that has accelerated over the last two quarters of the financial year.

Travel is a \$1 trillion market opportunity, with Mint's immediate market in Australia being \$20 billion. Mint has captured approximately 5% market share in the Australian market and with an enhanced acquiring partner, this will assist in our growth plans in the years ahead. Travel now makes up the majority of Mint's transaction value and recurring revenues and is expected to deliver significant growth in the year ahead.

## Indirect channel – Stable and consistent growth from our partners

During the FY19 year, the Company's indirect channel partners processed \$152m of total transaction values, up 23%, and recurring revenues of \$0.6m, up 13%. Mint recognises 100% margin contribution from our indirect channel and with the major investment in product development for our partners, Bank of New Zealand and NETS largely completed, the shift to a lower cost platform and a maintenance focus will allow the Company to maximise profitability from the indirect channel.

## The year ahead...

Despite the challenging year that has just gone past, I am looking forward to an exciting year ahead as we continue to maintain the recent growth trend and laser focus on our emerging travel payments product offering to the \$20 billion travel market in Australia. We will continue to expand our new acquirer relationship and technology partnerships to drive step change in our revenue margins; whilst maintaining steady growth that we are expecting from our key white-label indirect channel partners (BNZ and NETS). We are excited with the growth opportunities stemming from our unique technology and onboarding platform that will allow us to scale up and meet the demands of a large underserved travel market, which we intend to focus on and deliver monthly cash flow break-even in 2020.

On behalf of the Mint leadership team, I'd like to thank the entire Mint team for their ongoing commitment and for turning our challenges into successes. I would like thank my fellow Board members for their continued support and counsel, and last but not least, I would also like to thank our shareholders, merchant customers and partners for their unwavering support and for being a key part of the success and future growth of the Mint business.



Alex Teoh  
Chief Executive Officer and Managing Director





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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 2019 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:

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

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

### **Peter Wright, Non-Executive Chairman MBA**

Peter has over 40 years of experience in the Securities, Racing and Payments related sectors in Australia and has also worked extensively across Asia Pacific, North America and Europe. Peter has held senior leadership positions most recently as President of Asia Pacific for OmniPay Limited (2008 – 2015), an Irish domiciled global payments processing company.

Prior to 2008, Peter was the Managing Director of Australia and New Zealand at First Data Corporation (FDC), a global technology leader in the financial services industry. Peter joined FDC in 1994 where he held IT, Business Development and Sales Leadership roles. In 2002 he assumed responsibility for mergers & acquisitions in Asia Pacific and in 2004 led the largest and most successful acquisition outside of the United States in FDC's history.

Peter has held various other senior positions including 5 years as the second in charge for a major Australian payments processing company and prior to that 10 years in the securities industry. Peter holds a Post Graduate Diploma in Corporate Management from the University of New South Wales and a Master of Business Administration from the University of New England.

Peter is the Non-Executive Chairman effective from 10 July 2018 (previously Non-Executive Director). Peter was the Chairperson of the Remuneration & Nomination Committee till 10 July 2018 and he is a member of the Audit & Risk Management Committee.

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

William is currently with Main Sequence Ventures, a CSIRO \$200 million Innovation Fund. William is also the co-founder and Managing Director of Blackbird Ventures and co-founding partner of Southern Cross Venture Partners. 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 led investments in several market leaders including Altium (ASX: ALU), LookSmart (NASDAQ: LOOK), Seek (ASX: SEK) and Telera (acquired by Alcatel) and onebox (NASDAQ: OPWV).

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 degree.

William is a member of the Remuneration & Nomination Committee and effective from 10 July 2018, the Chairperson of the Remuneration & Nomination Committee.

### **Terry Cuthbertson, Non-Executive Director B.Bus, ACA**

Terry is Chairman of ASX listed MNF Group, Austpac Resources NL, South American Iron and Steel Corporation Limited and Malachite Resources 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, 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 a Chartered Accountant and holds a Bachelor of Business Degree.

Terry is the Non-Executive Director effective from 10 July 2018 (previously Non-Executive Chairman). Terry is a member of the Audit & Risk Management Committee and effective from 10 July 2018, the Chairperson of the Audit & Risk Management Committee. Terry remains a member of the Remuneration & Nomination Committee.

# DIRECTORS' REPORT

## **Anne Weatherston, Non-Executive Director MBA**

Anne has over 30 years of experience as a leader of business and technology change. Anne has operated at senior executive levels for most of her career and since 2015 with Energy Australia, currently as the Chief Transformation Officer.

Prior to Energy Australia, Anne was the Chief Information Officer and a member of the Management Board of ANZ Banking Group Limited (ASX: ANZ). Whilst at ANZ, Anne was responsible for the provision of all technology services across the Bank including the definition and oversight of the Bank's technology strategy to enable the super-regional ambition.

Prior to joining the ANZ in 2010, Anne was Group Chief Information Officer for the Bank of Ireland for four years. Previous senior leadership positions also included Information Technology Director at Abbey / Santander, Direct of UK Business Integration at Gaz de France, as well as Director of Business Strategy, Development and IT for the Student Loans Company in the UK. She has an MBA from the Strathclyde Business School, UK.

Anne is a member of Audit & Risk Management Committee and was the Chairperson of the Audit & Risk Management Committee till 10 July 2018. Anne remains 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.

Alex was a member of the Remuneration & Nomination Committee till 10 July 2018.

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

Tom is an Associate at law firm GrilloHiggins. Tom has experience in capital and equity markets including initial public offerings.

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 2019 were:

- Revenue from contracts with customers for the year was \$3,886,332, an increase of 86% from the previous financial year. Total revenue for the year was \$4,879,202, an increase of 32% from the previous financial year. The growth in total revenue was offset by the decrease in R&D grant income by 39% from the previous financial year.
- The Company saw a 31% increase in recurring revenues to \$2,672,648 and a 2578% increase in one off non-recurring revenues (excl. R&D grant) to \$1,213,684 over the previous financial year. The growth in non-recurring revenues (excl. R&D grant) was mainly due to the sales of new EFTPOS terminal and delivery of services to key partners during the current year. The growth in our recurring revenues was a key financial highlight for the Company, representing 69% of total revenues from contracts with customers. As recurring revenues is a durable and predictable revenue stream for the Company, with a substantial portion of the Company's total revenues categorised as recurring, this was particularly pleasing as the Company is expecting the growth trend to continue in the forthcoming financial year.
- Reported loss from ordinary activities was \$4,430,775, which was a 16% improvement on the previous financial year. The Company will continue to benefit from a lower operating cost structure implemented in FY19, as it continues to focus on driving growth in revenues from its existing cost base.

## Review of Operations

The highlights for the year ended 30 June 2019 include:

- In October 2018, Mint unveiled a bold new brand and vision to make payments more rewarding for merchants in the increasingly commoditised category. Mint has also launched two key strategic initiatives including new mobile payment plans to drive new customer acquisition and transaction value growth, and a new website with improved usability and more seamless onboarding.
- Also in October 2018, BNZ placed a material order for a new Mint payment product, paving the way for larger merchants and committing to Mint as a key payments partner. This new range of payment solutions will significantly broaden the opportunity for Mint's payment products to be used across the high value and volume transacting merchants throughout the Bank's 120,000 business customers.
- In November 2018, following the launch of "Rewarding Payments" brand platform, Mint has entered into a landmark partnership with Velocity Frequent Flyer, enabling merchants to earn Velocity Frequent Flyer Points on eligible transactions. The rewarding program has been designed to generate growth in new merchants and improve lifetime value by encouraging loyalty. Mint believes the highly differentiated service offered by the program may increase demand for their payment services.

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

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

## Events Subsequent to Reporting Date

In August 2019, the Company received the R&D Grant with respect to the financial year ended 30 June 2019 of \$983,671.

The Company is conducting a placement from new and existing institutional and sophisticated investors. The funds will be used for:

- Technology development to build out Mint's payment platform functionally and further integrate with the new global acquirer relationship;
- Sales and marketing resources to capitalise on direct payments opportunity in the Australian SME travel industry; and
- General working capital.

There have 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.

## Likely Developments

FY20 is expected to be a transformational year for Mint with its continued growth and focus on the high growth travel product in our direct to customer channel in our core markets of Australia and New Zealand. In addition, Mint is expecting steady and continued growth from key partners (BNZ and NETS) derived from our indirect channel. The indirect channel is shifting from initial investment phase (platform build) to maintenance and optimisation phase that will allow for maximising profitability. The business will continue to be focussed on:

- Growth in Mint's key operational metrics of transaction values; and
- Driving revenue growth, operating leverage and cost savings to deliver monthly positive cashflow.

## Dividends

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

## Share Options

### Unissued Shares under Option

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

### Shares issued on exercise of options

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' REPORT

## 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
P Wright (i)	12	12	1	1	N/A	N/A
W Bartee (ii)	12	11	N/A	N/A	0	0
T Cuthbertson	12	11	1	1	0	0
A Weatherston	12	10	1	1	0	0
Alex Teoh (i)	12	12	N/A	N/A	N/A	N/A

(i) P Wright and Alex Teoh were members of the Remuneration and Nomination Committee till 10/07/18

(ii) W Bartee is member of Remuneration and Nomination Committee effective from 10/07/18

## Directors' Interests

Particulars of Directors' interests in securities as at the date of this report are as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Alex Teoh (i), (ii)	104,113,714	N/A
P Wright	942,359	N/A
T Cuthbertson	9,740,950	N/A
W Bartee	977,113	N/A
A Weatherston	394,735	N/A

(i) 101,485,147 securities are held by TAAJ Corporation Pty Ltd of this 61,227,016 are held on behalf of TAAJ Trust and 40,258,131 securities are held on behalf of Tygon Superannuation Fund. TAAJ Corporation Pty Ltd is the trustee of the TAAJ Trust, of which Alex Teoh is a beneficiary, and of the Tygon Superannuation Fund, of which Alex Teoh is a member.

(ii) As at the date of report, Alex Teoh has 1,107,617 fully paid ordinary shares & Yin-Yin Teoh, the wife of Alex Teoh has 1,520,950 fully paid ordinary shares.

There are no contracts to which the Director is a party or under which the Director is entitled to a benefit that confers a right for the Director to call for shares in Mint.



## 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 2019 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 17 and forms a part of the Directors' Report for the year ended 30 June 2019.

## Proceedings on behalf of the Consolidated Entity

During the year under review 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).

## REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Mint Payments Limited's key management personnel for the financial year ended 30 June 2019, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Equity-based compensation**

### A. Principles used to determine the nature and amount of remuneration

#### *Remuneration Policies and Practices*

In relation to remuneration issues, the Board has established policies to ensure that Mint remunerates fairly and responsibly. The Remuneration Policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain desirable Key Management Personnel and employees.

The Remuneration and Nomination Committee conducts reviews and provides recommendations to the Board on matters of remuneration policy and specific emolument recommendations in relation to Key Management Personnel. The remuneration is structured to reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

The remuneration of Directors and the other Key Management Personnel is fixed annually. Further Non-Executive Director fees are determined within an aggregate Directors' fee pool limit, which will be periodically approved by shareholders in a general meeting. The current limit is \$500,000 per annum. Executive Key Management Personnel and employees are entitled to a performance incentive based on achievement of Key Performance Indicators ("KPIs"). The KPIs generally include measures relating both to company specific targets including revenues, profit, users and transaction value and performance targets specific to each role. Ultimately, any performance incentives (either short-term or long-term) to Key Management Personnel and employees are at the discretion of the Board.

Mint makes statutory employer contributions on behalf of Executives to the superannuation fund of their choice.

Non-Executive Directors' retirement payments are limited to compulsory employer superannuation. There are no retirement and termination benefits for Key Management Personnel apart from those that accrue from the relevant laws such as unpaid annual leave, superannuation, long service leave and notice of termination. Mint may consider payments on termination even though legally not required, to protect its rights if it is commercially beneficial to its interests.

Remuneration and other terms of employment of Key Management Personnel are formalised in employment agreements. These agreements may be terminated by either party with between one and six months' notice depending on the circumstance.

#### *Relationship between Remuneration Policy and Mint's Performance (Audited)*

- i. Remuneration not dependent on satisfaction of performance condition

The non-executives' remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

- ii. Remuneration dependent on satisfaction of performance condition

A portion of executive and employee remuneration is based on attainment of performance conditions. Performance-based remuneration includes short-term and long-term incentive plans.

# DIRECTORS' REPORT

Details of the short-term and long-term incentive plans are set out below which demonstrate Mint's willingness to design a remuneration philosophy for the benefit of its executives, employees and shareholders alike.

## Description

### Short-term incentive plan

Executives and employees may receive a performance based short term incentive (either in the form of shares or cash), measured against Board approved KPIs.

The KPIs are both objective and subjective and include company specific targets including revenues, profit, users and transaction value and performance targets specific to each role.

Shares are issued based on the volume weighted average share price of the relevant financial year in which the key performance indicators relate to and issued without consideration.

### Long-term incentive plan

Executives and employees may receive a performance based long-term incentive (either in the form of shares or options), measured against Board approved KPIs and a period of employment.

Shares are issued based on the volume weighted average share price of the relevant period in which the key performance indicators relate to and issued without consideration.

Options are issued based on an exercise price which is payable upon conversion of options. Once exercisable options are converted into ordinary shares on a one-for-one basis.

Further details about the Plan are set out in note 18 of the Financial Statements.

## Rationale

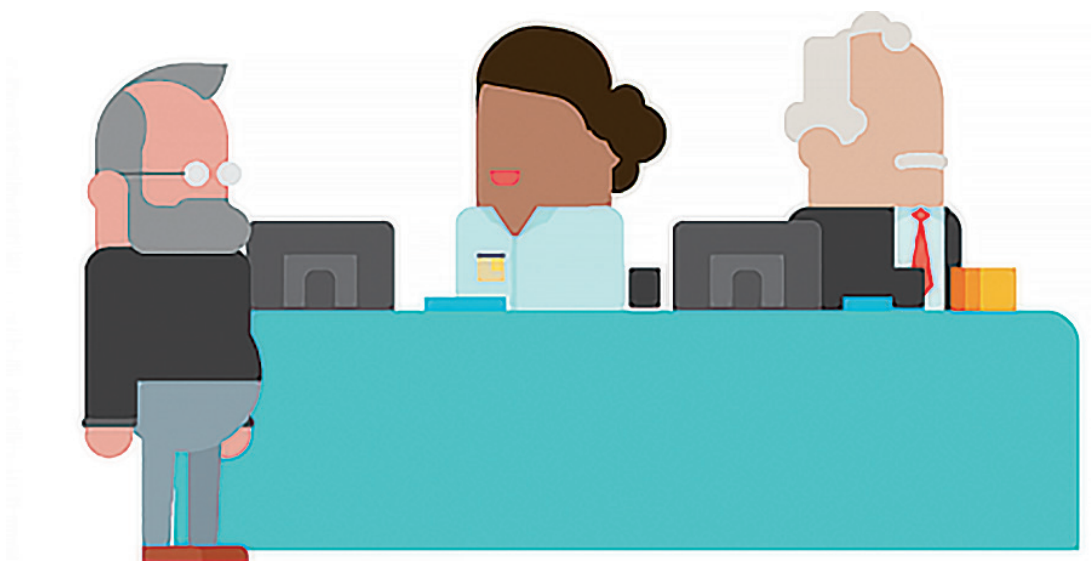
*The short term incentive plan is the shorter term "at risk" component of the Mint remuneration policy.*

The achievement of specific and desirable key performance indicators by executives and employees will drive the growth and is expected to improve the profitability of the Company.

Good financial and operational performance of the Company will increase shareholder value.

*The long term incentive plan is the longer term "at risk" component of the Mint remuneration policy.*

To support the achievement of the Company's business strategy by linking executive and employee rewards to improvements in the financial performance of the Company and aligning the interests of executives with those of shareholders and to offer executives and employees the opportunity to receive or acquire shares in the Company.





## B. Details of remuneration

The Key Management Personnel of Mint Payments Limited for the year ended 30 June 2019 were:

Directors	
Peter Wright	Non-executive Chairman (effective from 10 July 2018, previously Non-Executive Director)
William Bartee	Non-Executive Director
Terry Cuthbertson	Non-Executive Director (effective from 10 July 2018, previously Non-Executive Chairman)
Anne Weatherston	Non-Executive Director
Alex Teoh	Group Chief Executive Officer and Managing Director
Executives	
Adam Jones	Chief Executive Officer – Australia (effective from 1 January 2019, previously Chief Growth Officer)
Alfred Wong	Chief Information Officer (ceased on 10 October 2018)
David Owyong	Chief Operating Officer, Chief Financial Officer and Company Secretary (ceased on 11 March 2019)
Sam Harris	Chief Financial Officer and Company Secretary (started on 25 February 2019 and 11 March 2019 respectively, ceased on 16 July 2019)
Andrew Teoh	Managing Director of Mint Payments Asia Pte Ltd

The individual details of remuneration of the Key Management Personnel are listed in the tables below:

### Remuneration details for the financial year ended 30 June 2019

	Short Term		Total	Post Employment	Equity Based Payments	Total	Proportion of Remuneration Performance Related	Value of Equity Based Payments as Proportion of Remuneration
	Salary and fees	Bonus		Super-annuation	Equity-settled			
	\$	\$	\$	\$	\$	\$	%	%
Director								
P Wright	63,750	-	63,750	-	-	63,750	-	-
W Bartee	58,219	-	58,219	5,531	-	63,750	-	-
T Cuthbertson	63,750	-	63,750	-	-	63,750	-	-
A Weatherston	58,219	-	58,219	5,531	-	63,750	-	-
Alex Teoh	194,064	-	194,064	18,436	-	212,500	-	-
Executives								
A Jones	184,932	-	184,932	17,568	-	202,500	-	-
S Harris (i)	66,500	-	66,500	6,317	-	72,817	-	-
D Owyong (ii)	141,124	-	141,124	11,329	-	152,453	-	-
A Wong (iii)	68,741	-	68,741	4,829	-	73,570	-	-
Andrew Teoh	184,814	-	184,814	12,691	-	197,505	-	-
<b>TOTAL</b>	<b>1,084,113</b>	<b>-</b>	<b>1,084,113</b>	<b>82,232</b>	<b>-</b>	<b>1,166,345</b>	<b>-</b>	<b>-</b>

(i) S Harris started on 25/02/2019 and ceased on 16/07/2019.

(ii) D Owyong ceased on 11/03/2019.

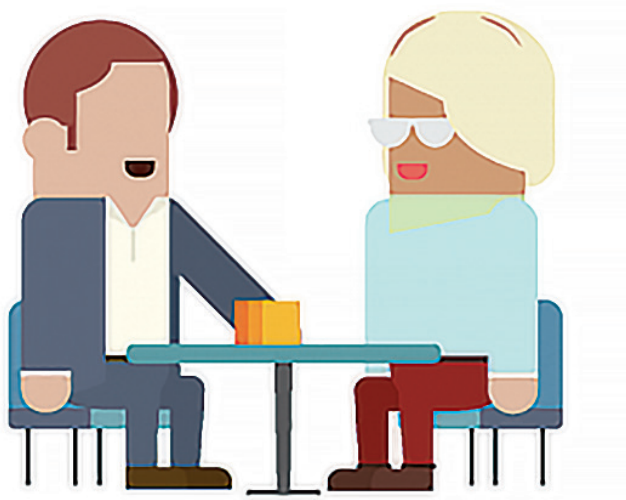
(iii) A Wong ceased on 10/10/2018.

# DIRECTORS' REPORT

## Remuneration details for the financial year ended 30 June 2018

	Short Term		Total	Post Employment	Equity Based Payments	Total	Proportion of Remuneration Performance Related	Value of Equity Based Payments as Proportion of Remuneration
	Salary and fees	Bonus		Super-annuation	Equity-settled			
	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>								
P Wright	72,188	-	72,188	-	-	72,188	-	-
W Bartee	65,925	-	65,925	6,263	-	72,188	-	-
T Cuthbertson	72,188	-	72,188	-	-	72,188	-	-
A Weatherston	65,925	-	65,925	6,263	-	72,188	-	-
Alex Teoh	214,041	-	214,041	20,334	-	234,375	-	-
<b>Executives</b>								
A Jones (i)	61,587	-	61,587	5,851	-	67,438	-	-
D Owyong	191,379	-	191,379	18,181	-	209,560	-	-
A Wong	187,100	-	187,100	17,948	-	205,048	-	-
Andrew Teoh	183,790	-	183,790	17,460	-	201,250	-	-
<b>TOTAL</b>	<b>1,114,123</b>	<b>-</b>	<b>1,114,123</b>	<b>92,300</b>	<b>-</b>	<b>1,206,423</b>	<b>-</b>	<b>-</b>

(i) A Jones started on 26/02/2018





## C. Share-based compensation

### Analysis of Movement in Options Held by Key Management Personnel

Details of the entitlement to options over ordinary shares in the Company that were granted as compensation during the reporting period and details on options that vested during the year are as follows:

	Balance 1-Jul-18	Granted as Remuneration	Options Exercised	Options Expired/ Forfeited	Balance 30-Jun-19	Total Vested 30-Jun-19	Total Exercisable 30-Jun-19	Total Un- Exercisable 30-Jun-19
<b>Directors</b>								
P Wright	500,000	-	-	500,000	-	-	-	-
W Bartee	500,000	-	-	500,000	-	-	-	-
T Cuthbertson	500,000	-	-	500,000	-	-	-	-
A Weatherston	500,000	-	-	500,000	-	-	-	-
Alex Teoh	1,500,000	-	-	1,500,000	-	-	-	-
<b>Executives</b>								
Andrew Teoh	1,500,000	-	-	1,500,000	-	-	-	-
<b>Total</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Nil shares were issued to Directors or Executives on the exercise of options or rights previously granted as compensation, during the year.

### Analysis of Options and Rights over Equity Instruments Granted as Compensation

Name	Grant Date	Granted Number	Value per Option at Grant Date	% Vested During Year	Financial Year in which Grant Vests	Value Exercised During the Year	Value Lapsed During the Year	% Forfeited in Year	Exercise Price	First Exercise Date	Expiry Date
Alex Teoh	27-Nov-15	1,500,000	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18
P Wright	27-Nov-15	500,000	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18
W Bartee	27-Nov-15	500,000	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18
T Cuthbertson	27-Nov-15	500,000	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18
A Weatherston	27-Nov-15	500,000	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18
Andrew Teoh	27-Nov-15	1,500,00	\$0.0429	100%	30-Jun-16	-	-	-	\$0.150	27-Nov-15	27-Nov-18

# DIRECTORS' REPORT

## Shareholding of Key Management Personnel

	Balance 1-Jul-18	Received as Remuneration	Purchased in their capacity as Investors	Options Exercised	Net Change Other	Balance 30-Jun-19
<b>Directors</b>						
Alex Teoh (i) (ii)	104,113,714	-	-	-	-	104,113,714
P Wright	1,437,408	-	-	-	(495,049)	942,359
W Bartee	977,113	-	-	-	-	977,113
T Cuthbertson	9,740,950	-	-	-	-	9,740,950
A Weatherston	394,735	-	-	-	-	394,735
<b>Executives</b>						
A Jones	-	-	-	-	-	-
S Harris(iii)	-	-	-	-	-	-
D Owyong(iv)	8,193,040	-	-	-	-	8,193,040
A Wong(v)	1,693,750	-	-	-	(1,600,000)	93,750
Andrew Teoh (i)	101,485,147	-	-	-	-	101,485,147
<b>Total</b>	<b>228,035,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,095,049)</b>	<b>225,940,808</b>

(i) 101,485,147 securities are held by TAAJ Corporation Pty Ltd of this 61,227,016 are held on behalf of TAAJ Trust and 40,258,131 securities are held on behalf of Tygon Superannuation Fund. TAAJ Corporation Pty Ltd is the trustee of the TAAJ Trust, of which Alex Teoh and Andrew Teoh are beneficiaries, and of the Tygon Superannuation Fund, of which Alex Teoh and Andrew Teoh are members.

(ii) As at the date of report, Alex Teoh has 1,107,617 fully paid ordinary shares & Yin-Yin Teoh, the wife of Alex Teoh has 1,520,950 fully paid ordinary shares.

(iii) S Harris started on 25/02/2019 and ceased on 16/07/2019.

(iv) D Owyong ceased on 11/03/2019.

(v) A Wong ceased on 10/10/2018.

## D. Other transactions with key management personnel and their related parties

Mint (Aust) Pty. Ltd. has a \$2,000,000 unsecured working capital borrowing facility (2018: \$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 is due to expire in September 2020. During the year, Mint (Aust) Pty Ltd has paid \$1,911 in interest expense to TAAJ Corporation Pty Ltd.

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

29 August 2019



# AUDITOR'S INDEPENDENCE DECLARATION



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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 2019, 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 any applicable code of professional conduct.

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

M A Godlewski  
Partner

PITCHER PARTNERS  
Sydney

29 August 2019

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
Revenue and other income	7	4,879,202	3,696,668
Network and service delivery		1,867,931	1,356,873
Purchases & changes in inventories of finished goods		631,058	31,439
Employee benefits expense (excluding share option expense)	6	3,902,524	5,149,154
Share payments & option expense		91,324	(19,228)
Depreciation and amortisation expense	6	259,434	333,088
Finance costs		548,235	515,809
Professional fees		481,453	487,015
Selling expense		865,585	411,471
Administration, property & communication expenses		429,493	437,081
Impairment losses arising from contracts with customers	6	20,119	3,786
Other expenses	6	212,821	261,780
<b>Total expenses</b>		<b>9,309,977</b>	<b>8,968,268</b>
<b>Loss before income tax</b>		<b>(4,430,775)</b>	<b>(5,271,600)</b>
Income tax (expense)/ credit	8	-	-
<b>Net loss for the year</b>		<b>(4,430,775)</b>	<b>(5,271,600)</b>
<b>Loss attributable to:</b>			
Equity shareholders	22	(4,430,775)	(5,271,600)
<b>Loss for the year</b>		<b>(4,430,775)</b>	<b>(5,271,600)</b>



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
<b>Loss for the year</b>		<b>(4,430,775)</b>	<b>(5,271,600)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		15,894	(11,447)
<b>Total comprehensive loss for the year</b>		<b>(4,414,881)</b>	<b>(5,283,047)</b>
<b>Total comprehensive attributable to:</b>			
Equity shareholders		(4,414,881)	(5,283,047)
<b>Earnings per share for loss to equity holders</b>			
Basic earnings per share (cents)	22	(0.56)	(0.78)
Diluted earnings per share (cents)	22	(0.56)	(0.78)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,367,915	3,022,758
Trade and other receivables	9	1,753,674	2,252,784
Inventories	10	892,483	701,322
Other financial assets	11	336,876	262,548
<b>TOTAL CURRENT ASSETS</b>		<b>4,350,948</b>	<b>6,239,412</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment	12	200,866	195,396
IT Development	13	183,715	292,383
<b>TOTAL NON CURRENT ASSETS</b>		<b>384,581</b>	<b>487,779</b>
<b>TOTAL ASSETS</b>		<b>4,735,529</b>	<b>6,727,191</b>
<b>CURRENT LIABILITIES</b>			
Payables	14	1,688,317	1,285,163
Provisions	15	512,072	452,353
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,200,389</b>	<b>1,737,516</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	15	11,315	71,484
Long term borrowings	4	8,500,000	6,525,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,511,315</b>	<b>6,596,484</b>
<b>TOTAL LIABILITIES</b>		<b>10,711,704</b>	<b>8,334,000</b>
<b>NET ASSETS/ (LIABILITIES)</b>		<b>(5,976,175)</b>	<b>(1,606,809)</b>
<b>EQUITY</b>			
Contributed equity	16	46,653,489	46,709,299
Reserves	17	2,614,489	2,497,270
Accumulated losses	17	(55,244,153)	(50,813,378)
<b>TOTAL EQUITY/ (DEFICIENCY)</b>		<b>(5,976,175)</b>	<b>(1,606,809)</b>

# CONSOLIDATED CASH FLOW STATEMENT

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		4,041,490	3,390,032
Operating grant receipts		1,678,704	2,145,584
Payments to suppliers and employees		(8,659,418)	(9,613,485)
Interest received		29,122	39,366
Interest paid		(423,044)	(349,810)
<b>Net cash used in operating activities</b>	<b>21</b>	<b>(3,333,146)</b>	<b>(4,388,313)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(40,515)	(147,854)
Payment for IT development		(46,563)	(306,003)
<b>Net cash used in investing activities</b>		<b>(87,078)</b>	<b>(453,857)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	4,116,000
Cost of share issue		(136,890)	(100,634)
Proceeds from borrowings		2,500,000	2,530,000
Repayment of borrowings		(525,000)	(505,000)
Payment for other financial assets		(72,729)	-
<b>Net cash provided by financing activities</b>		<b>1,765,381</b>	<b>6,040,366</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,654,843)</b>	<b>1,198,196</b>
Cash and cash equivalents at beginning of year		3,022,758	1,824,562
<b>Cash and cash equivalents at end of the year</b>	<b>4</b>	<b>1,367,915</b>	<b>3,022,758</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2017</b>	<b>42,781,783</b>	<b>2,511,575</b>	<b>16,370</b>	<b>(45,541,778)</b>	<b>(232,050)</b>
Loss for the year	-	-	-	(5,271,600)	(5,271,600)
Other comprehensive loss	-	-	(11,447)	-	(11,447)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(11,447)</b>	<b>(5,271,600)</b>	<b>(5,283,047)</b>
Recognition of share based payments	-	(19,228)	-	-	(19,228)
Issue of ordinary shares	4,116,000	-	-	-	4,116,000
Share issue costs	(188,484)	-	-	-	(188,484)
<b>Balance at 30 June 2018</b>	<b>46,709,299</b>	<b>2,492,347</b>	<b>4,923</b>	<b>(50,813,378)</b>	<b>(1,606,809)</b>
<b>Balance at 1 July 2018</b>	<b>46,709,299</b>	<b>2,492,347</b>	<b>4,923</b>	<b>(50,813,378)</b>	<b>(1,606,809)</b>
Loss for the year	-	-	-	(4,430,775)	(4,430,775)
Other comprehensive loss	-	-	15,894	-	15,894
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>15,894</b>	<b>(4,430,775)</b>	<b>(4,414,881)</b>
Recognition of share based payments	-	101,325	-	-	101,325
Issue of ordinary shares	-	-	-	-	-
Share issue costs	(55,810)	-	-	-	(55,810)
<b>Balance at 30 June 2019</b>	<b>46,653,489</b>	<b>2,593,672</b>	<b>20,817</b>	<b>(55,244,153)</b>	<b>(5,976,175)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: CORPORATE INFORMATION

The financial report of Mint Payments Limited (the Company or “Mint”) for the year 30 June 2019 was authorised for issue on 29 August 2019 under delegated authority in accordance with a resolution of the Directors on 29 August 2019.

Mint Payments Limited (the Parent Entity) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. 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 \$4,430,775 and a net cash outflow from operations \$3,333,146 for the year ended 30 June 2019. As at 30 June 2019, the Group had cash assets of \$1,367,915, current assets of \$4,350,948 and current liabilities of \$2,200,389. The Group also has undrawn working capital borrowing facilities of \$2,000,000 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 2020 which includes the receipt of the R&D tax incentives and available 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

### *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 accruals basis in accordance with the substance of the relevant agreement.

### *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 grants

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.

## 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
- (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.



# NOTES TO THE FINANCIAL STATEMENTS

## j) Income tax (Continued)

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. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

## 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) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## q) Leased assets

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as an expense on a straight-line basis over the period of the lease.



# NOTES TO THE FINANCIAL STATEMENTS

## r) 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

## s) 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.

## t) 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.

## u) 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.

## v) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## w) Impairment of 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.

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.

## x) New and revised accounting standards effective at 30 June 2019

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 Financial Instruments (AASB 9) and AASB 15 Revenue from Contracts with Customers (AASB 15).

### *AASB 9 Financial Instruments*

*AASB 9 replaces AASB 139: Financial Instruments: Recognition and Measurement.*

In accordance with the transition requirements of AASB 9, the group has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e. as at 1 July 2018). The group has also applied to consequential amendments to AASB 7 Financial Instruments: Disclosure to the disclosure of information about the Group's financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the group's financial assets and financial liabilities.

### *AASB 15 Revenue from contracts with customers*

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of

accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 Revenue, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

In accordance with the transition requirements of AASB 15, the group has elected to apply AASB 15 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e. as at 1 July 2017).

The application of AASB 15 has not materially impacted the recognition and measurement of the group's revenue from contracts with customers.

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is not expected to have a material impact on the financial statements.

## y) 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).



# NOTES TO THE FINANCIAL STATEMENTS

## 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 2019 \$	Consolidated Entity 2018 \$
<b>Financial Assets</b>		
Cash Assets	1,367,915	3,022,758
Weighted average effective interest rate 0.44% (2018 – 0.37%)		
<b>Financial Liabilities</b>		
Borrowings	8,500,000	6,525,000

The security and expiry for the borrowings facilities are as follows: -

A \$7,500,000 working capital borrowing facility (2018: \$7,500,000 working capital borrowing facility) secured through a fixed and floating charge over the assets and undertakings of Mint (Aust) Pty Ltd. In addition, \$3,000,000 in working capital borrowing facility (2018: \$3,000,000 working capital borrowing facility) unsecured is held by Mint (Aust) Pty Ltd. The working capital borrowing facilities attract an interest rate equal to the Reserve Bank of Australia cash rate plus 4.5% per annum. \$10,500,000 in working capital borrowing facilities expire in September 2020.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 manage 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 2019 \$	Consolidated Entity 2018 \$
Borrowings	8,500,000	6,525,000
Total debt	8,500,000	6,525,000
Total contributed equity	46,653,489	46,709,299
Debt to equity ratio	18.2%	14.0%

## 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 \$10,500,000 (2018: \$10,500,000) of which \$8,500,000 (2018: \$6,525,000) was utilised at balance date.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

		Interest (AUD)				Foreign Exchange (AUD)			
		- 1% 2019 \$		+ 1% 2019 \$		- 10% 2019 \$		+ 10% 2019 \$	
	Carrying Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
<b>Financial Assets</b>									
	AUD1,044,341	(10,443)	(10,443)	10,443	10,443	n/a	n/a	n/a	n/a
	GBP 109	n/a	n/a	n/a	n/a	19	19	(19)	(19)
Cash & cash equivalents	NZD 95,967	n/a	n/a	n/a	n/a	8,802	8,802	(8,802)	(8,802)
	USD 93,118	n/a	n/a	n/a	n/a	12,599	12,599	(12,599)	(12,599)
	SGD 110,227	n/a	n/a	n/a	n/a	10,937	10,937	(10,937)	(10,937)
Accounts receivable	SGD 21,935	n/a	n/a	n/a	n/a	2,177	2,177	(2,177)	(2,177)
<b>Financial Liabilities</b>									
	GBP 6,982	n/a	n/a	n/a	n/a	(1,239)	(1,239)	1,239	1,239
Trade payables	SGD 4,313	n/a	n/a	n/a	n/a	(428)	(428)	428	428
	USD 7,683	n/a	n/a	n/a	n/a	(1,040)	(1,040)	1,040	1,040
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:

#### 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 2019, the carrying value of capitalised IT development is \$183,715 (2018 \$293,383) after an impairment charge of \$Nil for the current year.



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6: LOSS

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
Loss before income tax has been determined after the following specific expenses:		
<b>Depreciation and amortisation of non-current assets</b>		
Plant and equipment	132,385	72,548
IT Development	127,049	260,540
	<b>259,434</b>	<b>333,088</b>
Research and development expenses	2,261,312	3,872,200
Defined contribution superannuation expense	261,919	387,653
Bad debts written off	20,119	3,786

## NOTE 7: REVENUE

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
<b>Revenue from contracts with customers</b>		
Revenue from sale of goods	944,681	4,902
Revenue from services	269,003	40,410
Recurring revenues	2,672,648	2,039,265
	<b>3,886,332</b>	<b>2,084,577</b>
Other Income		
R&D Grant Income	969,520	1,593,672
Interest	23,350	18,419
	<b>4,879,202</b>	<b>3,696,668</b>

## NOTE 8: INCOME TAX

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
<b>(a) The components of tax (expense)/ credit:</b>		
Current tax	-	-
<b>Total Income tax (expense)/ credit</b>	<b>-</b>	<b>-</b>
<b>(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:</b>		
<b>Loss before income tax</b>	<b>(4,430,775)</b>	<b>(5,271,600)</b>
At the statutory income tax rate of 27.5%	(1,218,463)	(1,449,690)
Non-deductible expenses	714,326	1,116,303
Non-assessable (income)/expenses	(338,286)	(530,198)
Change in unrecognised temporary differences	23,351	(291,897)
Tax rate differential on foreign income	6,490	3,539
Tax losses not recognised during current period	812,582	1,151,943
<b>Income tax (expense) / credit</b>	<b>-</b>	<b>-</b>

The Group have not recognised net deferred tax assets of \$8,399,075 (2018: \$7,491,426) respectively at reporting date as it is not probable that the losses will be recouped in the short to medium term.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 9: RECEIVABLES

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
Receivables from contracts with customers		144,053	175,593
Allowance for doubtful debts		-	-
Net trade receivables	(i)	144,053	175,593
Other receivables		218,790	257,972
Prepayments and other assets		407,160	140,515
R & D receivable		983,671	1,678,704
		<b>1,753,674</b>	<b>2,252,784</b>
0-3 months		-	-
3-6 months		-	-
Over 6 months		-	-
<b>Allowance for expected loss</b>		<b>-</b>	<b>-</b>
<i>a) Movements in the provision for impairment of receivables.</i>			
At 1 July			
Provision for impairment recognised during the year		-	-
<b>At 30 June</b>	(ii)	<b>-</b>	<b>-</b>
<i>b) Receivables not impaired</i>			
Not past due		101,848	79,462
31-60 days from invoice		8,439	4,950
61-90 days from invoice		5,153	-
more than 91 days from invoice		28,613	91,181
<b>Net trade receivables</b>	(iii)	<b>144,053</b>	<b>175,593</b>

(i) Impaired receivables: as at 30 June 2019 current trade receivables of the group with a nominal value of \$Nil (2018: \$Nil) were impaired. The amount of the allowance for doubtful debt was \$Nil (2018: \$Nil).

(ii) The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. 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 not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(iii) As of 30 June 2019, trade receivables of \$42,205 are past due (2018: \$96,131) but not impaired.

## NOTE 10: INVENTORIES

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
CURRENT		
Finished goods		
- at cost	892,483	701,322
- provision for obsolescence	-	-
<b>Total inventories</b>	<b>892,483</b>	<b>701,322</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: OTHER FINANCIAL ASSETS

		Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
	Notes		
CURRENT			
Security Deposits	(i)	336,876	262,548
		<b>336,876</b>	<b>262,548</b>

(i) Security deposits are in relation to the Group's obligations for its Sydney Offices of \$80,711 and as security for an indemnity for losses that may arise under a customer contract of \$256,165. Security deposits are measured at amortised cost.

### a) Wholly-owned Group

Details of interests in wholly-owned controlled entities are set out at part (b) 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 2019 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.

### b) Investments in Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2019 %	Equity Holding 2018 %
<b>Controlled Entities</b>				
Mint (Aust) Pty Limited	Australia	Ordinary	100	100
Mobile Content Management 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

### c) Ultimate Parent Company

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

## NOTE 12: PLANT AND EQUIPMENT

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
<b>Plant &amp; equipment</b>		
At cost	915,756	779,453
Accumulated depreciation	(714,888)	(584,057)
	<b>200,866</b>	<b>195,396</b>
<b>Plant and equipment</b>		
Carrying amount at beginning	195,396	116,522
Additions	140,380	152,891
Disposals	(2,718)	(1,464)
Translation of foreign assets on consolidation	193	(5)
Depreciation expense	(132,385)	(72,548)
	<b>200,866</b>	<b>195,396</b>



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 13: IT DEVELOPMENT

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
IT Development	2,720,921	2,678,168
Accumulated amortisation change	(2,537,206)	(2,385,785)
<b>Net carrying amount</b>	<b>183,715</b>	<b>292,383</b>
<b>Year ended 30 June 2019</b>		
Opening net book amount	292,383	484,896
Additions	32,532	153,059
R&D Tax Incentive received in respect of expenditure capitalised	(14,151)	(85,032)
Disposals	-	-
Amortisation charge	(127,049)	(260,540)
<b>Closing net book value</b>	<b>183,715</b>	<b>292,383</b>

### a) Impairment tests for IT development

The recoverable amount of the IT Development is determined based on value-in-use calculations. These calculations utilised cash flow projections for five years based on the FY2020 budget and a detailed three year plan which has been risk adjusted, reviewed and approved by management. No growth rates have been applied to extrapolate these plans for years four and five of the value in use model.

On this basis, the Group determined that the recoverable amount of IT Development of \$183,715 (2018: \$292,383) exceeded its carrying value and no impairment charge was required in this financial year (2018: \$Nil).

The value-in-use calculations are sensitive to discount rates, revenue and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable.

### b) Key assumptions used for value-in-use calculations

Revenue projections are based on sales for the year ended 30 June 2019 and revenue projections for 2020 to 2022 based on the key drivers in the current business. Expenses are based on detailed knowledge of the business, historic activity, and detailed plans for the year ended 30 June 2019 and projections for 2020 to 2022 based on the key drivers in the current business. These have been extrapolated in years 4 and 5 but no growth rate has been applied.

The discount rate applied to cash flow projections is 15.50% post-tax. Discount rate applied reflects management's estimate of the time value of money and the consolidated entities weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

There is no terminal value used in the value-in-use calculation due to the nature of the IT development asset.

### c) Sensitivity

The directors have made judgements and estimates in respect of impairment testing of IT Development. Should these judgements and estimates not occur, the resulting IT Development may vary in carrying value.

The points noted below are sensitivities of these estimates:

- Revenue would need to decrease by more than 55% over the five-year period before IT Development would be impaired, with all other assumptions remaining constant.
- The discount rate would need to increase by more than 280% before IT development would be impaired, with all other assumptions remaining constant.

Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 14: PAYABLES

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
CURRENT		
Trade payables	1,046,952	450,454
Other payables, accruals and income in advance	641,365	834,709
	<b>1,688,317</b>	<b>1,285,163</b>

## NOTE 15: PROVISIONS

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
CURRENT		
Employee benefits	424,472	364,753
Make good provision	87,600	87,600
	<b>512,072</b>	<b>452,353</b>
NON-CURRENT		
Employee benefits	11,315	71,484
	11,315	71,484
	<b>523,387</b>	<b>523,837</b>
<b>Movements in provisions for employee benefits</b>		
Carrying amount at the beginning of the year	436,237	516,506
Additional provision recognised	136,764	(15,484)
Utilised during the year	(137,214)	(64,785)
<b>Carrying amount at the end of the year</b>	<b>435,787</b>	<b>436,237</b>

## NOTE 16: CONTRIBUTED EQUITY

NOTE 16: CONTRIBUTED EQUITY		2019 No.	2018 No.
<hr/>			
a) Issued and paid up capital			
Ordinary Shares		785,303,405	785,303,405
b) Movements in shares on issue			
	Date	No. of Shares	\$
Beginning of the financial year	1-Jul-18	785,303,405	46,709,299
Issue of fully paid ordinary shares		-	-
Share issue costs		-	(55,810)
Closing Balance	30-Jun-19	785,303,405	46,653,489

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17: RESERVES AND ACCUMULATED LOSSES

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
<b>a) Share based payment reserve</b>		
Balance at the beginning of year	2,492,347	2,511,575
Movement during the year	101,325	(19,228)
<b>Balance at end of year</b>	<b>2,593,672</b>	<b>2,492,347</b>
<b>b) Foreign exchange reserve</b>		
Balance at the beginning of year	4,923	16,370
Movement during the year	15,894	(11,447)
<b>Balance at end of year</b>	<b>20,817</b>	<b>4,923</b>
	<b>2,614,489</b>	<b>2,497,270</b>
<b>c) Accumulated Losses</b>		
Balance at the beginning of year	(50,813,378)	(45,541,778)
Net loss for the year	(4,430,775)	(5,271,600)
<b>Balance at end of year</b>	<b>(55,244,153)</b>	<b>(50,813,378)</b>

The share-based payment reserve is used to record items recognised as expenses on valuation of employee shares and options.

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 are issued and quoted on the ASX. The options cannot be transferred and will not be quoted on the ASX.

All options expire on the earlier of their expiry date or termination of the individual's employment.

	Weighted Average Exercise Price 2019 Cents	No. of Options 2019	Weighted Average Exercise Price 2018 Cents	No. of Options 2018
Outstanding at the beginning of the year	15.0	5,000,000	15.0	5,000,000
Forfeited during the year		-		-
Expired during the year		(5,000,000)		-
Exercised during the year		-		-
Granted during the year		-		-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 18: SHARE BASED PAYMENTS (Continued)

### 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.

Share 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:

- **Peter Wright**, Non-Executive Chairman (effective from 10 July 2018, previously Non-Executive Director)
- **William Bartee**, Non-Executive Director
- **Terry Cuthbertson**, Non-Executive Director (effective from 10 July 2018, previously Non-Executive Chairman)
- **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:

- **Adam Jones**, Chief Executive Officer – Australia (effective from 1 January 2019, previously Chief Growth Officer)
- **Alfred Wong**, Chief Information Officer (ceased on 10 October 2018)
- **David Owyong**, Chief Operating Officer, Chief Financial Officer and Company Secretary (ceased on 11 March 2019)
- **Sam Harris**, Chief Financial Officer and Company Secretary (started on 25 February 2019 and 11 March 2019 respectively, ceased on 16 July 2019)
- **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.

The details of the remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report section of the Directors' Report.

### 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 2019 \$	Consolidated Entity 2018 \$
Short-term employee benefits	1,084,113	1,114,123
Post-employment benefits	82,232	92,300
Share-based payments	-	-
	<b>1,166,345</b>	<b>1,206,423</b>

### c) Other transactions with Key Management Personnel

Mint (Aust) Pty. Ltd. has a \$2,000,000 unsecured working capital borrowing facility (2018: \$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 is due to expire in September 2020. During the year, Mint (Aust) Pty Ltd paid \$1,911 in interest expense to TAAJ Corporation Pty Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 2019 \$	Consolidated Entity 2018 \$
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	54,966	54,248
<b>Total remuneration for audit and other assurance services</b>	<b>54,966</b>	<b>54,248</b>
(ii) Other non-audit services	-	-
<b>Total remuneration for non-audit services</b>	<b>-</b>	<b>-</b>
<b>Total remuneration of Pitcher Partners</b>	<b>54,966</b>	<b>54,248</b>

## NOTE 21: RECONCILIATION OF LOSS AFTER INCOME TAX TO THE NET CASH USED IN OPERATIONS

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
<b>Net loss after income tax</b>	<b>(4,430,775)</b>	<b>(5,271,600)</b>
<b>Non-Cash Items</b>		
Depreciation	132,385	72,548
Amortisation of IT development	127,049	260,540
Interest expenses accrued but not paid	38,375	46,442
Provision for obsolescence	-	32,356
Share options expense	91,324	(19,228)
Bad debts written off	20,119	3,786
Foreign exchange	23,084	7,857
	<b>(3,998,439)</b>	<b>(4,867,299)</b>
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade & other receivables	693,027	1,536,633
(Increase)/decrease in inventory	(191,162)	(518,066)
(Increase)/decrease in prepayments & other assets	(277,151)	33,280
(Decrease)/increase in trade & other payables	441,029	(492,592)
(Decrease)/increase in provisions	(450)	(80,269)
	<b>665,293</b>	<b>478,986</b>
<b>Net cash used in operating activities</b>	<b>(3,333,146)</b>	<b>(4,388,313)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 22: EARNINGS PER SHARE

	Consolidated Entity 2019 \$	Consolidated Entity 2018 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net loss attributed to equity shareholders	(4,430,775)	(5,271,600)
Earnings used in calculating basic and diluted earnings per share	<b>(4,430,775)</b>	<b>(5,271,600)</b>
	2019 No of shares	2018 No of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	785,303,405	673,800,307
<b>Effect of dilutive securities:</b>		
Share options	-	-
<b>Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>785,303,405</b>	<b>673,800,307</b>
Basic earnings per share to equity holders (cents)	(0.56)	(0.78)
Diluted earnings per share to equity holders (cents)	(0.56)	(0.78)

## NOTE 23: SUBSEQUENT EVENTS

In August 2019, the Company received the R&D Grant with respect to the financial year ended 30 June 2019 of \$983,671.

The Company is conducting a placement from new and existing institutional and sophisticated investors. The funds will be used for:

- Technology development to build out Mint's payment platform functionally and further integrate with the new global acquirer relationship;
- Sales and marketing resources to capitalise on direct payments opportunity in the Australian SME travel industry; and
- General working capital.

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 2019 \$	Consolidated Entity 2018 \$
<b>Lease expenditure commitments</b>		
(a) Operating leases (non cancellable):		
Minimum lease payments (i)		
- Not later than one year	4,855	5,478
- Later than one year and not later than five years	8,719	13,574
- Later than five years	-	-
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>13,574</b>	<b>19,052</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 25: RELATED PARTY TRANSACTIONS

There have been no transactions with related parties during the year ended 30 June 2019 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:

	Parent Entity 2019 \$	Parent Entity 2018 \$
<b>a) Summarised statement of financial position</b>		
<b>Assets</b>		
Current assets	2,111,737	4,598,785
<b>Total assets</b>	<b>2,111,737</b>	<b>4,598,785</b>
<b>Liabilities</b>		
Current liabilities	1,074,159	464,803
<b>Total liabilities</b>	<b>1,074,159</b>	<b>464,803</b>
<b>Net assets</b>	<b>1,037,578</b>	<b>4,133,982</b>
<b>Equity</b>		
Share capital	46,653,489	46,709,300
Reserves	2,531,233	2,429,909
Accumulated losses	(48,147,144)	(45,005,227)
<b>Total equity</b>	<b>1,037,578</b>	<b>4,133,982</b>
The directors reassessed the recoverability of the intercompany loans and believe these were impaired in the prior years.		
<b>b) Summarised statement of comprehensive income</b>		
Loss for the year	(3,141,917)	(2,104,857)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,141,917)</b>	<b>(2,104,857)</b>
<b>c) Parent entity guarantees</b>		
The parent entity has not given any guarantee or indemnity in respect of the debt facilities of the controlled entities.		
<b>d) Parent entity contingent liabilities</b>		
The parent entity did not have any contingent liabilities as at 30 June 2019 (2018: \$Nil).		
<b>e) Parent entity contractual commitments</b>		
As at 30 June 2019, 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**  
Level 4, 450 Victoria Road  
GLADESVILLE  
NSW 2111 Australia

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

The entity has a formally constituted audit committee.



# DIRECTORS' DECLARATION

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 2019 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.

The Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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  
29 August 2019



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# INDEPENDENT AUDITOR'S REPORT



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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 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 2019 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 “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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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# INDEPENDENT AUDITOR'S REPORT



## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue from contracts with customers <i>Refer to Note 7 in the Notes to the Financial Statements.</i></p> <p>Revenue from contracts with customers is recognised upon transfer of control of the promised goods and services to customers. The transfer of control to a customer may occur over time or at a point in time based on the nature of the performance obligation.</p> <p>Revenue recognition is dependent on significant judgements, in respect of:</p> <ul style="list-style-type: none"> <li>identifying performance obligations;</li> <li>total transaction price; and</li> <li>allocation of the transaction price to each performance obligation.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Documenting and testing the design and operating effectiveness of relevant controls over the timing of revenue recognition;</li> <li>Assessing the Group's policy in respect of identifying performance obligations, total transaction price and allocation of the transaction price to each performance obligation;</li> <li>Inspecting a sample of contracts with customers and considered the appropriateness of the significant judgements in determining the allocation of the transaction price to the performance obligations;</li> <li>Testing a sample of revenue transactions to customer contracts, and receipts from customer, where applicable;</li> <li>Reviewing and analysing general journals that impact revenue; and</li> <li>Considering the adequacy of the financial statements disclosures.</li> </ul>
<p>Existence and Impairment of Inventories <i>Refer to Note 10 in the Notes to the Financial Statements.</i></p> <p>At 30 June 2019 the consolidated statement of financial position includes inventory amounting to \$892,483.</p> <p>We focussed on this matter because of the significance of the inventory balance to the profit and consolidated statement of financial position</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and evaluating the processes and controls for ensuring existence and valuation of inventories;</li> <li>Selecting a sample of inventory items and comparing the quantities we counted to the quantities recorded;</li> <li>Observing a sample of management's inventory count procedures to assess compliance with Group policy;</li> <li>Making enquiries regarding obsolete inventory items and considering the condition of items counted;</li> <li>Testing a sample of inventory items to assess whether they were recorded at a value higher than that for which they could be sold or their value in use; and,</li> <li>Assessing the adequacy of the financial statements disclosures.</li> </ul>

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# INDEPENDENT AUDITOR'S REPORT



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## Recognition of Research & Development tax incentive

*Refer to Note 9 in the Notes to the Financial Statements.*

At 30 June 2019, the statement of financial position includes research and development "R&D" receivable amounting to \$983,671.

This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the calculation, eligibility and recognition of the R&D tax incentive income and receivable.

Our procedures included, amongst others:

- Obtaining an understanding of and evaluating the processes and controls for ensuring the calculation of the R & D incentive was calculated in accordance with the relevant legislation;
- Obtaining the work of the management expert and the calculations prepared and agree amounts claimed to supporting expenditure and wages records;
- Reviewing and evaluating the work of the management expert including an assessment of the independence, objectivity and competence of the management expert;
- Reviewing historical reliability of estimates to support the reliability of the estimate;
- Engaging an internal specialist to perform a review of the calculation to determine eligibility of costs claimed; and,
- Assessing the adequacy of the financial statements disclosures.

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## Going Concern

*Refer to Note 2(a) of the summary of significant accounting policies.*

For the year ended 30 June 2019, the group reported a net loss of a net loss of \$4,430,775 and a net cash outflow from operations \$3,333,146 for the year ended 30 June 2019.

As at 30 June 2019, the Group had cash assets of \$1,367,915, current assets of \$4,350,948 and current liabilities of \$2,200,389. The Group also has unused working capital facilities of \$2,000,000 available to be utilised throughout the next twelve months if required.

The Directors have prepared the financial report on a Going Concern basis taking into consideration the forecast cash flows for the following twelve months include the receipt of the R&D tax incentives and available working capital facilities.

The cash flow forecast includes significant judgements, assumptions and estimates such as future revenue.

Our procedures included, amongst others:

- Reviewing and challenging the key judgements, assumptions and estimates used in the cash flow forecast approved by the Directors.
- Checking the mathematical accuracy of the cash flow forecast.
- Applying sensitivities to the Directors' cash flow forecast to determine the extent of changes necessary to result in the Group not having sufficient resources to meet its forecast liabilities as they fall due for a period of 12 months from the date of the report.
- Examining agreements in respect of the unused working capital facilities and determined ability to draw down on these in the next 12 months.

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# INDEPENDENT AUDITOR'S REPORT



## *Other Information – The annual report is not complete at the date of the audit report*

The directors are responsible for the other information. The other information comprises the information included in the Corporate Directory, Directors Report, Shareholders Information and Corporate Governance Statement, which was obtained as at the date of our audit report, and any other information included in the Group's annual report for the year ended 30 June 2019 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 above 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

## *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.

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# INDEPENDENT AUDITOR'S REPORT



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 7 to 16 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Mint Payments Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

  
MARK GODLEWSKI

Partner

29 August 2019

  
PITCHER PARTNERS  
Sydney

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# SHAREHOLDERS INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below:

## A) Number of Security Holders and Securities on Issue

Mint has issued 785,303,405 fully paid ordinary shares, of which 785,303,405 are quoted on the ASX and are held by 1,301 shareholders.

## B) Voting Rights

The voting rights attached to ordinary shares are that on the show of hands, every member present, in person or proxy has one vote and upon a poll, each share shall have one vote.

## C) Distribution of Security Holders

Quoted ordinary fully paid ordinary shares.

Holding	Number of Shareholders	Number of Shares	%
1-1,000	69	8,369	0.00
1,001-5,000	181	539,827	0.07
5,001-10,000	144	1,217,302	0.16
10,001-100,000	479	20,340,103	2.59
100,001 and over	295	763,197,804	97.18
<b>Total</b>	<b>1,168</b>	<b>785,303,405</b>	<b>100.00</b>

## D) Unmarketable Parcels of Shares

The number of shareholders holding less than a marketable parcel of ordinary shares of \$0.03 (on 31 July 2019) is 503 and they hold 3,337,627 securities.

## E) Substantial Shareholders

The number of securities held by the substantial shareholders and their associates are set out below:

Ordinary Fully Paid Shares

Holding	Number of Shares	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	123,578,265	15.74
NATIONAL NOMINEES LIMITED	111,032,906	14.14
TAAJ CORPORATION PTY LTD	94,417,088	12.02
ROADHOUND ELECTRONICS PTY LTD	68,566,856	8.73
DOBRANI PTY LTD	60,038,074	7.65

## F) On-Market- Buy-Back

There is no current on-market buy-back.

## G) Statement Regarding Use of Cash and Assets

Mint has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objective.

# SHAREHOLDERS INFORMATION

## H) Twenty Largest Shareholders

Details of the 20 largest shareholders by registered shareholding are:

Name	Number of Shares	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	123,578,265	15.74
NATIONAL NOMINEES LIMITED	111,032,906	14.14
TAAJ CORPORATION PTY LTD	94,417,088	12.02
ROADHOUND ELECTRONICS PTY LTD	68,566,856	8.73
DOBRANI PTY LTD	60,038,074	7.65
BNP PARIBAS NOMS PTY LTD	20,178,787	2.57
AUST EXECUTOR TRUSTEES LTD	11,253,007	1.43
MR RODNEY DAVID TIGHE	11,000,000	1.40
MONEX BOOM SECURITIES (HK) LTD	9,241,074	1.18
CITICORP NOMINEES PTY LIMITED	9,013,126	1.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,738,194	1.11
MR JIWA NADAN	7,670,127	0.98
TRANDARA PTY LTD	6,830,481	0.87
MR BARNABY COLMAN CADDICK	6,795,057	0.87
KORE MANAGEMENT SERVICES PTY LTD	6,300,000	0.80
BIG ART INVESTMENTS PTY LTD	5,840,532	0.74
JETOSEA PTY LTD	5,552,154	0.71
EML INVESTMENTS PTY LIMITED	5,400,000	0.69
MRS CLARICE YU KWAN OWYONG	5,347,990	0.68
GENERAL & PRIVATE FUNDS MANAGEMENT PTY LTD	5,300,000	0.67
<b>Total</b>	<b>582,093,718</b>	<b>74.12</b>

## I) Unquoted equity securities


	Number on Issue	Number of holders
Options over ordinary shares issued	Nil	Nil



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# CORPORATE GOVERNANCE STATEMENT

The Board of Directors (**Board**) is responsible for the corporate governance of Mint Payments Limited (**Company**). The Board guides and monitors the business and affairs of the Company on behalf of the security holders by whom it is elected and to whom it is accountable.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 3rd Edition (**the Principles**), the Company's Corporate Governance Statement must contain specific information and also report on the Company's adoption of the Council's best practice recommendations (**Recommendations**), whereby disclosure is required of the extent to which the Recommendations are adopted by the Company. The Company's corporate governance principles and policies are therefore structured with reference to the Principles and Recommendations, which are as follows:

- 1: Lay solid foundations for management and oversight.
- 2: Structure the board to add value.
- 3: Act ethically and responsibly.
- 4: Safeguard integrity in corporate reporting.
- 5: Make timely and balanced disclosure.
- 6: Respect the rights of security holders.
- 7: Recognise and manage risk.
- 8: Remunerate fairly and responsibly.

A number of the Recommendations recommend that certain governance documents should be made publicly available, ideally by posting such information on the Company's website. Where the Company has adopted that approach, the relevant references are set out in this Corporate Governance Statement.

## **Principle 1: Lay Solid Foundations for management and oversight**

***Recommendation 1.1: A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.***

The Board is committed to maximising Company and management performance, thereby generating appropriate levels of security holder value and financial return. The Board, therefore, ensures that the Company is properly managed to protect and enhance security holder interests and that the Company, its directors, officers and employees operate in an appropriate environment of corporate governance.

The Board is responsible for, inter alia, development of strategy, oversight of business and Company management, risk management and compliance systems and monitoring performance. The Board has established certain policies and protocols in relation to the Company's operations, some of which are summarised or referred to in this Corporate Governance Statement.

For further details regarding the respective roles and responsibilities of the Board and management, please refer to the Board Charter as contained in Annexure 1 to this Corporate Governance Statement.

***Recommendation 1.2: A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

The Board, through its Remuneration and Nomination Committee, is responsible for the selection, appointment and induction of directors. It

assesses the appropriate mix of skills and experience required and obtains information and assistance from management and external advisers when appropriate. Nominees are assessed against their background, professional skills and experience, personal attributes and availability to commit to Board activities. All Board candidates must then stand for election at the next general meeting of security holders, where all material information is provided to security holders regarding a decision on whether or not to elect or re-elect a director.

***Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The Company maintains written agreements with each director and senior executive. The written agreements outline all relevant roles and obligations. Further, directors and senior executives are provided with all other information they may require to fulfil their obligations and duties.

***Recommendation 1.4: The Company Secretary of a listed entity should be accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.***

The Company Secretary is accountable to the Board, through the Chairperson, and is responsible for the following:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policies and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

***Recommendation 1.5: A listed entity should: (a) have a diversity policy which includes requirements for the Board or relevant Committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or the relevant Committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under the Act.***

The Company has a commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. The Company's commitment to diversity means that it works to ensure that it has an environment supportive of equal opportunity and with equal access to career development, remuneration and benefits through the implementation of practices, procedures and policies which support, among other matters, diversity. The Company believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background.



# CORPORATE GOVERNANCE STATEMENT

The Company's workforce is split female 25% and male 75%, the Board is split female 20% and male 80%, whilst no women currently hold senior executive positions with the Company. For the purposes of this Corporate Governance Statement, "senior executive" is defined as an employee that forms part of the Company's management team, as listed on the Company's website.

The Company operates in Australia and Singapore, and, to date, diversity initiatives have been focused at the local level, having regard to the legislative requirements of those countries.

The Company's commitment to diversity ensures that the Company will:

- use recruitment and selection processes and a performance management system to draw on the diverse backgrounds and skills of staff and to develop these qualities in the workplace;
- ensure that when employment decisions are made, they are based on merit, not on irrelevant attributes or characteristics that an individual may possess;
- comply with anti-discrimination legislation to prevent and eliminate any employment related disadvantage;
- promote workplace diversity and remain proactive in eliminating all forms of harassment and bullying in the workplace;
- develop and maintain workplace practices that provide flexibility for employees in relation to balancing their work and personal lifestyle commitments; and
- create a work environment which promotes good working relationships.

The Company is in the process of updating its diversity policy framework.

**Recommendation 1.6: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its Committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The performance of the Board, its Committees and individual directors is reviewed regularly, and has taken place during this reporting period. The evaluation process is to include the assessment of all of the Board's key areas of responsibility. The Board's contribution as a whole is reviewed and areas where improvement can be made are noted. The performance evaluation process is as follows:

- each director will periodically evaluate the effectiveness of the Board and its Committees and submit observations to the Chairperson;
- the Chairperson of the Board will make a presentation incorporating his or her assessment of such observations to enable the Board to assess, and if necessary, take action;
- the Board will agree on development and actions required to improve performance;
- outcomes and actions will be minuted; and
- the Chairperson will assess during the year the progress of the actions to be achieved.

This process aims to ensure that individual directors and the Board as a whole contribute effectively in achieving the duties and responsibilities of the Board.

**Recommendation 1.7: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Company has established a Remuneration and Nomination Committee where the performance of its senior executives is discussed and resolved at Board meetings. A performance evaluation was undertaken during this reporting period as part of the Company's annual review process.

The process employed by the Company for the periodic evaluation of the performance of its senior executives is set out in the Remuneration and Nomination Committee Charter as contained in Annexure 2 to this Corporate Governance Statement.

## **Principle 2: Structure the board to add value**

**Recommendation 2.1: The Board of a listed entity should: (a) have a Nomination Committee which: (1) has at least 3 members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the Charter of the Committee; (4) the members of the Committee; and (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Company has established a Remuneration and Nomination Committee where remuneration and nomination issues are considered and resolved. Accordingly, the Board is responsible for determining and reviewing the remuneration and nomination of directors and senior executives. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining directors and senior executives with the skills to manage the Company's operations.

The Remuneration and Nomination Committee consists of the following members, all of whom are currently independent directors:

*From 10 July 2018 to date*

Chairperson: William Bartee

Other Members: Anne Weatherston and Terry Cuthbertson

*From 1 July 2017 to 9 July 2018*

Chairperson: Peter Wright

Other Members: Anne Weatherston, Terry Cuthbertson and Alex Teoh

The number of times the Remuneration and Nomination Committee met throughout the period and the individual attendances of the members at those meetings are detailed in the Directors' Report section of the Annual Report.

For further details regarding the roles and responsibilities of the Remuneration and Nomination Committee, please refer to its Charter as contained in Annexure 2 to this Corporate Governance Statement.

**Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.**

Information relating to the directors of the Company, including whether they are independent, their experience, skills and periods of office is detailed in the Directors' Report section of the Annual Report or in the Company's ASX announcements, if directors were appointed after the completion of the Annual Report.

# CORPORATE GOVERNANCE STATEMENT

The Company aims to ensure that its directors possess the appropriate skills, experience and independence to effectively discharge the Board's responsibilities. The Board's current "skills matrix" includes expertise and experience in information technology, mergers and acquisitions, payments processing, telecommunications, business leadership and corporate finance and accounting.

**Recommendation 2.3: A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation why the Board is of that opinion; and (c) the length of service of each director.**

The majority of the Company's Board consists of independent directors. At the date of this Corporate Governance Statement, the Board comprises 4 non-executive, independent directors: Terry Cuthbertson, Anne Weatherston, Peter Wright and William Bartee. The Board is of the view that the current ratio of executive to non-executive directors provides a sufficient mix of independence.

Information relating to the directors of the Company, including whether they are independent, their experience, skills and periods of office is detailed in the Directors' Report section of the Annual Report or in the Company's ASX announcements, if directors were appointed after the completion of the Annual Report.

**Recommendation 2.4: A majority of the Board of a listed entity should be independent.**

Please refer to Recommendation 2.3 above.

**Recommendation 2.5: The Chairman of the Board of a listed entity should be an independent director, and in particular, should not be the same person as the CEO of the entity.**

*From 10 July 2018 to date*

The Chairperson of the Board, Peter Wright, is an independent, non-executive director.

*From 1 July 2017 to 9 July 2018*

The Chairperson of the Board, Terry Cuthbertson, was an independent, non-executive director.

The CEO of the Company is Alex Teoh.

**Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

The Company has established an induction program for new directors and the Company Secretary is responsible for overseeing directors' ongoing professional development.

**Principle 3: Act ethically and responsibly**

**Recommendation 3.1: A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.**

The Board has adopted a Code of Conduct & Ethics that provides a framework that governs the manner in which the Company and its representatives conduct their business and activities in a fiscally efficient and socially responsible manner, whilst seeking to maximise security holder returns. The Code of Conduct & Ethics also outlines how the Company expects directors, management and employees to behave and conduct business when representing the Company. In particular, the Code of Conduct & Ethics requires awareness of, and compliance with, laws and regulations relevant to the Company's operations.

The Code of Conduct & Ethics can be viewed on the Company's website at: <https://www.mintpayments.com/wp-content/uploads/2019/08/Code-of-Conduct-and-Ethics-Policy.pdf>.

**Principle 4: Safeguard integrity in corporate reporting**

**Recommendation 4.1: The Board of a listed entity should: (a) have an Audit committee which (1) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the Chairman of the Board, and disclose (3) the charter of the Audit Committee; (4) the relevant qualifications and experience of the members of the Audit Committee; and (5) in relation to each reporting period, the number of times the Audit Committee met throughout the period and individual attendances of the members at those meetings; or (b) if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Company has established an Audit and Risk Management Committee which meets on a regular basis.

Through the Audit and Risk Management Committee, the Board has maintained an internal control framework to examine the effectiveness and efficiency of the management of the Company and significant business processes such as the safeguarding of assets, the maintenance of proper accounting records, the integrity of financial information, the implementation of quality assurance practices and procedures and ensuring compliance with environmental regulations.

The Audit and Risk Management Committee consists of the following members, all of which are independent directors:

*From 10 July 2018 to date*

Chairperson: Terry Cuthbertson

Other members: Peter Wright and Anne Weatherston

*From 1 July 2017 to 9 July 2018*

Chairperson: Anne Weatherston

Other members: Terry Cuthbertson and Peter Wright

The number of times the Audit and Risk Management Committee met throughout the period and the individual attendances of the members at those meetings, and the members' qualifications and experience, are detailed in the Directors' Report section of the Annual Report.

For further details regarding the roles and responsibilities of the Audit and Risk Management Committee, please refer to its Charter as contained in Annexure 3 to this Corporate Governance Statement.

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**Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the relevant accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

It is the Company's usual practice for both its CEO and Chief Financial Officer to provide declarations in accordance with Section 295A of the Corporations Act each year, prior to the Board approving the Company's financial statements. At the time of approval of the Company's 2019 financial statements, the Company did not have a CFO. For the purposes of the Company's 2019 financial statements, Alex Teoh, the Company's Managing Director and CEO who is and was performing both the chief executive function and chief financial officer function of the Company, made a declaration in accordance with section 295A of the Corporations Act as appropriate.

Each of the directors have reviewed the Financial Reports and the Chairperson on behalf of the Board is satisfied and has declared that the Financial Reports are founded on a sound system of risk management, internal compliance and control which implements the policies adopted by the Board. The Chairperson has also declared that the Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.

**Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

The Company's external auditor, Pitcher Partners, attends the Company's AGM and is available to answer questions from security holders relevant to the audit.

## **Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1: A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.**

The Board and senior executives are aware of the continuous disclosure requirements of the ASX and the Company has a Continuous Disclosure Policy in place to disclose any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. Furthermore, the directors and senior executives of the Company acknowledge that they each have an obligation to immediately identify and immediately disclose information that may be regarded as material to the price or value of the Company's securities.

The directors are authorised to make statements and representations on the Company's behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, security holders, the media and the public.

The directors of the Company ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, security holders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of

disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If information that would otherwise be disclosed comprises of matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of the Company's securities is unknown, the Company may request that the ASX grant a trading halt or suspend the Company's securities from quotation. Management of the Company may consult the Company's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The Continuous Disclosure Policy can be viewed on the Company's website at: <https://www.mintpayments.com/wp-content/uploads/2019/08/Continuous-Disclosure-Policy.pdf>.

## **Principle 6: Respect the rights of the security holders**

**Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.**

The Company has implemented a Shareholder Communications Policy to ensure that investors are informed of relevant major developments affecting the affairs of the Company and aims to facilitate two-way communication with investors. Such information is communicated under the framework of the Shareholder Communications Policy via the Company's website, the Company's annual and half year reports, disclosures made to the ASX, notices of meetings and correspondence to investors where appropriate. All investors are invited to contact the Company Secretary regarding any queries they may have.

The Shareholder Communications Policy can be viewed on the Company's website at: <https://www.mintpayments.com/wp-content/uploads/2019/08/MNW-Shareholder-Communications-Policy.pdf>.

**Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.**

Please refer to Recommendation 6.1 above.

**Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

Security holders are encouraged by the Board to participate in the Annual General Meeting so as to promote transparency and accountability, as set out in the Shareholder Communications Policy.

**Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

Security holders are given the option to receive communications from, and send communications to, the Company and its security registry Link Market Services, electronically.

## **Principle 7: Recognise and manage risk**

**Recommendation 7.1: The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least 3 members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the**





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*end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company's Board is responsible for providing leadership and direction for the Company, for establishing a context which fosters a risk management culture and for ensuring business, financial and risk management approaches are integrated during the planning, implementation and reporting of major ventures at all levels within the organisation.

The Company has established an Audit and Risk Management Committee to oversee risk, as recommended under Recommendation 7.1, which meets on a regular basis.

Please refer to Recommendation 4.1 above for further details of the operations of the Audit and Risk Management Committee during this reporting period, and to its Charter as contained in Annexure 3 to this Corporate Governance Statement.

The Board, through the Audit and Risk Management Committee, has procedures in place to recognise and manage risk. The risk oversight and management system covers:

- operations risk;
- financial reporting; and
- compliance.

The Company is committed to the proper identification and management of risk. The Company regularly undertakes reviews of its risk management procedures, which include implementation of a system of internal approvals to ensure not only that it complies with its legal obligations, but that the Board and security holders can take comfort that an appropriate system of checks and balances is in place in those areas of the business that present financial or operating risks. As part of this risk management process, the Company's management has reported to the Board in relation to its management of the Company's material business risks.

The Company has also adopted a Code of Conduct & Ethics which sets out the Company's commitment to maintaining a high level of integrity and ethical standards in all business practices.

***Recommendation 7.2: The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose it, in relation to each reporting period, whether such a review has taken place.***

A review of the Company's risk management framework by the Board was conducted this reporting period and is scheduled for review annually. As a result of the review during this reporting period, the Board is satisfied that the Company's risk management framework continues to be sound.

***Recommendation 7.3: A listed entity should disclose: (a) if it has an internal audit function, how that function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.***

The Company does not have an internal audit function. The Company's Audit and Risk Management Committee is responsible for carrying out the processes that would be employed by an internal audit function which is detailed in the Audit and Risk Management Committee's Charter.

***Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.***

The Company does not have any exposure to economic, environmental and social sustainability risks to disclose during this reporting period.

## **Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1: The Board of a listed entity should: (a) have a Remuneration Committee which: (1) has at least 3 members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Remuneration Committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.***

The Company has established a Remuneration and Nomination Committee where remuneration and nomination issues are considered and resolved. Accordingly, the Board is responsible for determining and reviewing the remuneration of senior executives. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations.

Please refer to Recommendation 2.1 above for further details of the operations of the Remuneration and Nomination Committee during this reporting period, and to its Charter as contained in Annexure 2 to this Corporate Governance Statement.

***Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.***

The performance of the Board, individual directors and senior executives is reviewed annually, and has taken place during this reporting period.

The Company has established a Remuneration and Nomination Committee as a subcommittee of the Board, which considers and resolves remuneration and nomination issues pursuant to its Charter. Accordingly, the Board is responsible for determining and reviewing the remuneration of the directors and senior executives. The process of review requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining directors and senior executives with the skills to manage the Company's operations. In making decisions regarding the appointment of directors, the Board as a whole periodically assesses the appropriate mix of skills and experience represented on the Board. The Board may also obtain information from, and consult with management and external advisers, as it considers appropriate.

It is the Company's objective to provide maximum security holder benefit from the retention of high quality Board members having regard to the



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Company's level of operations and financial resources. Directors are remunerated with reference to market rates for comparable positions. Remuneration policies for each Executive and Non-Executive Director are disclosed in the Directors' Report of the Company's Annual Report.

The remuneration of senior executives is dependent on the terms of the Company's employment agreement with those executives. The remuneration structure of Non-Executive Directors and senior executives is clearly distinguishable.

The Company currently does not have any schemes for retirement benefits, other than statutory superannuation, for its Non-Executive Directors.

***Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.***

Participants in the Company's Employee Share Scheme are prohibited from entering into any transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, under the terms of that scheme.



## Annexure 1 – Board Charter

### 1. Role of the Board

The Board's key objectives are to:

- (a) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- (b) to ensure the Company is properly managed.

### 2. Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- (a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to the matters set out in points (a) to (i);
- (b) ensuring the Company is properly managed for example by:
  - (i) appointing and removing the managing director (when applicable) of the Company;
  - (ii) ratifying the appointment and, where appropriate, the removal of the chief financial officer (when applicable) and the Company Secretary;
  - (iii) input into and final approval of management's development of corporate strategy and performance objectives;
  - (iv) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
  - (v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available to senior management to enable such strategy implementation;
- (c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (d) approval of the annual budget;
- (e) monitoring the financial performance of the Company;
- (f) approving and monitoring financial and other reporting;
- (g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (h) liaising with the Company's external auditors and Audit & Risk Management Committee; and
- (i) monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team (except for paragraphs (a), (b), (f) and (g) and where any matter exceeds the Materiality Threshold as defined below).

### 3. Materiality Threshold

The Board has agreed on the following guidelines for assessing the materiality of matters:

#### (a) Materiality – Quantitative

##### *Balance sheet items*

Balance sheet items are material if they have a value of more than 10% of the net assets of the Company.

##### *Profit and loss items*

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

#### (b) Materiality – Qualitative

Items are also material in a qualitative respect if:

- (i) they impact on the reputation of the Company;
- (ii) they involve a breach of legislation;
- (iii) they are outside the ordinary course of the Company's business;
- (iv) they could affect the Company's rights to its assets;
- (v) they would trigger the quantitative tests if accumulated;
- (vi) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (vii) they will have an effect on Company operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

#### (c) Material Contracts

Contracts will be considered material if:

- (i) they are outside the ordinary course of the Company's business;
- (ii) they contain exceptionally onerous provisions in the opinion of the Board;
- (iii) they impact on income or distribution in excess of the quantitative tests;
- (iv) there is a likelihood that either party will default and the default may trigger any of the quantitative tests;
- (v) they are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost of such a quantum as trigger any of the quantitative tests;
- (vi) they contain or trigger change of control provisions;
- (vii) they are between or for the benefit of related parties; or
- (viii) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold (Materiality Threshold).

### 4. The Chairperson

The Chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and arranging Board performance evaluation.

### 5. Independent Directors

Where the Chairperson is not an independent director, the Company will appoint a lead independent director. The lead independent director will take over the role of the Chairperson when the Chairperson is unable to act in that capacity as a result of his or her lack of independence.

The independent directors, along with all directors, are responsible for reviewing and challenging executive performance. They are also responsible for contributing to the development of strategy.

### 6. The Managing Director

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

### 7. Role and Responsibility of Management

The role of management is to support the Managing Director (where a Managing Director has been appointed) and implement the running of the general operations and financial business of the Company, in accordance

# CORPORATE GOVERNANCE STATEMENT

with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or if the matter concerns the Managing Director then directly to the Chairperson or the lead independent director, as appropriate. Where a Managing Director has not been appointed, all matters which fall within the Materiality Threshold must be reported by management to the Chairperson.

## Annexure 2 - Remuneration and Nomination Committee Charter

### 1. Composition

The Chairperson and members of the Remuneration and Nomination Committee (Committee) are detailed in the Company's Corporate Governance Statement.

### 2. Role

The purpose of the Committee is to discharge the Board's responsibilities in relation to remuneration and nomination of the Company's directors and senior executives, including in respect of any share and benefit plans.

### 3. Operations

- The Committee shall consider issues of remuneration annually and otherwise as required.
- Minutes of all meetings of the Committee are to be kept.
- Committee meetings will be governed by the rules as they apply to the meetings of the Board, as set out in the Company's constitution.

### 4. Resources

- The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on remuneration policies and other topics relevant to the Company and such other relevant materials as requested by the Committee.

### 5. Reporting to the Shareholders

- The Directors' Report in the Company's Annual Report is to contain a separate section that describes the role of the Committee and what action it has taken in the relevant period.

### 6. Responsibilities

The responsibilities and functions of the Committee are as follows:

- review the competitiveness of the Company's executive compensation programs to ensure:
  - (a) the attraction and retention of corporate officers;
  - (b) the motivation of corporate officers to achieve the Company's business objectives; and
  - (c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders;
- review trends in management compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- review the performance of executive management;
- review and approve Chairperson and Managing Director goals and objectives, evaluate Chairperson and Managing Director performance in light of these corporate objectives, and set Chairperson and Managing Director compensation levels consistent with Company philosophy;
- review, consider and recommend appropriate salary, bonus and other compensation of all senior executives to the Board for approval;

- review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
- review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
- review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans (except as otherwise delegated by the Board, the Committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the Committee under those plans, including making and authorising grants, in accordance with the terms of those plans); and
- review periodic reports from management on matters relating to the Company's personnel appointments and practices.

## Annexure 3 – Audit and Risk Management Committee Charter

### 1. Composition

- The Chairperson and members of the Audit and Risk Management Committee (Committee) are detailed in the Company's Corporate Governance Statement.
- At least one member of the Committee is to have significant, recent and relevant financial experience.

### 2. Role

The purpose of the Committee is to:

- monitor the integrity of the financial statements of the Company and review significant financial reporting judgments;
- review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, its risk management systems;
- monitor and review the effectiveness of the Company's internal audit function;
- consider the appointment of the Company's external auditor and to approve the remuneration and terms of engagement of the external auditor;
- monitor and review the Company's external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

### 3. Operations

- The Committee meets at least once each half year, with further meetings on an as required basis.
- Minutes of all meetings of the Committee are to be kept.
- Committee meetings will be governed by the same rules as they apply to the meetings of the Board, as set out in the Company's constitution.

### 4. Resources

- The Company is to provide the Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company and such other relevant materials as requested by the Committee.



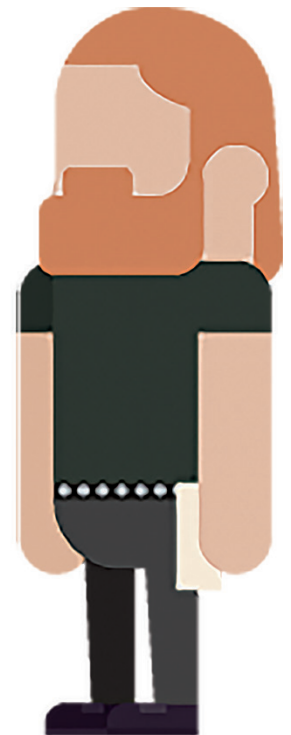
# CORPORATE GOVERNANCE STATEMENT

## 5. Reporting to the Shareholders

- The Directors' Report in the Company's Annual Report is to contain a separate section that describes the role of the Committee and what action it has taken in the relevant period.
- The Chairperson of the Committee is to be present at the Company's AGM to answer questions from shareholders, via the Chairperson of the Board.

## 6. Responsibilities

- The responsibilities of the Committee are as set out in the Audit and Risk Management Committee Responsibilities Calendar.



# CORPORATE DIRECTORY

## Directors

Peter Wright  
Non-executive Chairman

William Bartee  
Non-executive Director

Terry Cuthbertson  
Non-executive Director

Anne Weatherston  
Non-executive Director

Alex Teoh  
Group Chief Executive Officer and Managing Director

## Company Secretary

Tom Sapountsis

## Registered Office

Level 4, 450 Victoria Road  
Gladesville NSW 2111

Phone: + 61 2 8752 7888  
Fax: + 61 2 8752 7899

## Postal Address

PO Box 336  
Gladesville NSW 2111

## Australian Company Number

122 043 029

## Australian Business Number

51 122 043 029

## Auditors

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

## Share Registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Phone: + 61 2 8280 7511  
Fax: + 61 2 9287 0303  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Website

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