

## 1. Company details

Name of entity:	MIE Pay Limited
ABN:	57 629 754 874
Reporting period:	For the year ended 31 March 2022
Previous period:	For the year ended 31 March 2021

## 2. Results for announcement to the market

			NZ\$
Revenues from ordinary activities	down	28.6% to	206,617
Loss from ordinary activities after tax attributable to the owners of MIE Pay Limited	down	34.9% to	(2,080,540)
Loss for the year attributable to the owners of MIE Pay Limited	down	34.9% to	(2,080,540)
		<b>31 March 2022 Cents</b>	<b>31 March 2021 Cents</b>
Basic loss per share		(0.65)	(1.02)
Diluted loss per share		(0.65)	(1.02)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to NZ\$2,080,540 (31 March 2021: NZ\$3,196,360).

Please refer to the Operating and Financial Review of the Business on page 3 for further commentary.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.36)	0.19

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

---

## 7. Dividend reinvestment plans

Not applicable.

---

## 8. Details of associates and joint venture entities

Not applicable.

---

## 9. Foreign entities

### *Details of origin of accounting standards used in compiling the report:*

Not applicable.

---

## 10. Audit qualification or review

### *Details of audit/review dispute or qualification (if any):*

The financial statements are in the process of being audited. The independent auditor's report will likely contain Material Uncertainty related to Going Concern matter.

---

## 11. Attachments

### *Details of attachments (if any):*

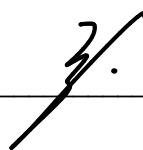
The unaudited Financial Statements of MIE Pay Limited for the year ended 31 March 2021 are attached immediately after this Preliminary Report.

---

## 12. Signed

Signed \_\_\_\_\_

Lei Zhang  
Director  
Sydney



Date: 14 June 2022

**MIE Pay Limited**

**ABN 57 629 754 874**

**Annual Report - 31 March 2022**

Directors	Lei (Andy) Zhang - Managing Director Jack Zhong Yin - Non-Executive Director Chen Chik (Nicholas) Ong - Non-Executive Director Hing Chow (Tony) Leung - Non-Executive Director
Company secretary	Chen Chik (Nicholas) Ong
Registered office	Level 10 420 George Street Sydney NSW 2000
Principal place of business	Level 10 420 George Street Sydney NSW 2000
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067
Auditor	RSM Australia Partners
Stock exchange listing	MIE Pay Limited shares are listed on the National Stock Exchange of Australia (NSX code: MIE)

**MIE Pay Limited**  
**Contents**  
**For the year ended 31 March 2022**



Operating and Financial Review of the Business	3
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10

## **Operating and Financial Review of the Business**

### **Our business**

The consolidated entity generates revenue through the MyPay NZ business. MyPay NZ is a technology-driven payments company that facilitates both online and offline commerce between merchants and end customers by way of an aggregated payments platform, enabling cross-border and local transactions. MyPay NZ is also a service provider of online stores through its e-commerce platform IE Mall as well as being a service provider for the Activate Tamaki Makaurau business support programme.

During the year Mypay NZ also generated additional revenue from provision of Software licences to a related party. However this licensing agreement was cancelled in November 2021 due to the related party moving to a changed business model and operating via brokers rather than via a software platform.

Across our business, we directly employ approximately 19 people. Our software development, sales, operations and finance teams are based in Auckland, New Zealand and employ 15 people. In addition to Non-executive Directors, our Australian office employs one person with administration and operational responsibilities. Our customers are largely represented by small to medium sized entities for offline business and by individual consumers for online business.

### **Changes in nature of activities**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Our business strategy**

The consolidated entity operates in a highly competitive market that is constantly innovating. Our business strategy relies upon the following key elements:

- technology and services that develop innovative solutions as part of our growth strategy
- a marketing strategy to promote a complete solution for merchants combining the Mypay NZ payments platform and the added value of an e-commerce platform to enable SMEs to enjoy the benefit of a highly cost-effective, high-speed, secure and seamless digital payment solution across borders
- growing our merchant base through investment in marketing programs to enhance brand awareness and solutions among businesses at different stages of their lifecycle from entrepreneurs to well-established businesses
- key relationships with third party platforms such as Alipay and WeChat Pay for the products and services we provide

### **Financial Commentary**

Daigou domestic activities for the Chinese market have continued to be impacted by both the level of demand in China and logistics challenges with disruptions to shipment and air flight delivery throughout the financial year. With a full reopening of the New Zealand border on 31 July 2022, there is potential for this area to grow again when demand from Chinese consumers improves and logistics resume in the second half of 2022.

The overall domestic in-store Chinese trading volume is flat compared with 2021 and has the potential to grow again when the New Zealand market conditions improve.

Mie Pay Limited is now in a net liability position. This is expected to be rectified by the conversion to equity of a convertible note together with improved trading results and an additional NZD 1,200,000 of additional funding being provided by the Executive Director in July and August 2022.

Due to the coronavirus pandemic New Zealand's borders were closed from March 2020 and New Zealand has had high levels of covid related restrictions in place from August 2021 through to April 2022. Similar border closures and restrictions occurred in Australia throughout the year.

The border closures affected Mie Pay Limited's trade with Chinese tourists and business people and the lockdowns meant that for parts of this financial year Mie Pay Limited's customers were forced to shut down their operations and could not trade.

For the financial year to 31 March 2022, revenue for Mie Pay Limited (exclusive of cost recharges to related parties) was down by 4% on the 2021 financial year and down by 25% from the pre-covid 2020 financial year. While there were other reasons impacting this revenue decline, the coronavirus pandemic was a contributing factor.

A high level of the population is now vaccinated, restrictions are easing, and there is a staggered reopening of borders. However, there remain uncertainties in the economy related to the COVID-19 outbreak and these uncertainties could further impact the consolidated entity's operations.

*Expected credit losses*

No credit losses are expected for the consolidated entity, as trade receivables are generally settled within the agreed payment terms and no additional impact is expected as a result of the COVID-19 pandemic.

*Business continuity*

Our business adhered to government advice and guidelines in both New Zealand and Australia. In line with Government advice at the time, staff who could work from home were encouraged to do so during lockdown periods and while subsequent restrictions on gatherings were in place following the lockdowns.

*Well-being of employees*

We remain committed to keeping our employees and families safe and ensuring ongoing health and wellbeing during this trying time. We have provided supplies of face masks, gloves, antibacterial wipes and hand sanitiser in our workplaces.

**Financial Performance Analysis**

Financial performance	2022 NZ\$	2021 NZ\$	Change
Services transferred at a point in time	173,460	176,546	(1.7%)
Share of cost recharge at a point in time	14,779	90,500	(83.7%)
Services transferred over time	17,434	22,172	(21.4%)
Sales Revenue	205,673	289,218	(28.9%)
Loss after income tax benefit	(2,080,540)	(3,196,360)	(34.9%)
Add: finance cost	160,254	5,246	-
Less: income tax benefit	(822)	(42,592)	-
EBIT	(1,921,108)	(3,233,706)	(40.6%)
Add: depreciation and amortisation expense	95,633	293,040	-
EBITDA	(1,825,475)	(2,940,666)	(37.9%)
Basic earnings per share (cents)	(0.65)	(1.02)	(36.3%)
Dividends paid (cents per share)	-	-	-
Net cash from operating activities	(1,459,006)	(3,128,354)	(53.4%)
Dividends paid	-	-	-
Financial position	2022 NZ\$	2021 NZ\$	Change
Cash and cash equivalents	136,521	651,580	(79.0%)
Total current assets	469,032	1,428,215	(67.2%)
Total non-current assets	61,636	64,801	(4.9%)
Total assets	530,668	1,493,016	(64.5%)
Total current liabilities	1,639,472	818,533	100.3%
Total non-current liabilities	45,832	44,750	2.4%
Total liabilities	1,685,304	863,283	95.2%
Total equity/ (deficiency)	(1,154,636)	629,733	(283.4%)
Return on equity	(180.2%)	(507.6%)	-

### **Business risk**

Aside from the Coronavirus (COVID-19) pandemic mentioned above, the following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

#### *Failure to grow transaction volumes, customer and merchant numbers or establish our brand*

We are in the early stages of establishing our presence in Auckland and Sydney. Our ability to profitably scale our business is heavily reliant on increases in transaction volumes and in our end-customer and retail merchant base to increase revenues and achieve profitable operations. To manage this risk, a sound marketing strategy has been developed and an effective sales team engaged to achieve the growth objectives.

#### *Termination or non-renewal of Licences*

Our value proposition is driven by the aggregation of mobile payment solutions from Alipay, WeChat Pay, UnionPay and POLi into a single platform. Early termination or non-renewal of licenses that we have with these vendors may reduce our offering and therefore competitiveness and limit growth, which may adversely impact our operations and revenue. To mitigate this risk, strict adherence to all licence agreement terms and conditions, in conjunction with excellent relationship management and delivery of increasing transaction volumes will reduce the likelihood of any early termination or non-renewal.

#### *Protection and ownership of technology and intellectual property*

We depend on our ability to commercially exploit our technology and intellectual property. We rely on laws relating to trade secrets, copyright and trademarks to assist in protecting our proprietary rights. However, there is a risk that unauthorised use or copying of our data, specialised technology or platforms may occur. In addition, competitors may be able to work around our intellectual property rights or independently develop technologies or services that are protected by our intellectual property rights and in so doing may be able to offer very similar services or products that are otherwise competitive, which could adversely affect our business. To reduce this risk, a sound IP Management Strategy is in place and expert specialist IP legal advisors are providing guidance, as well as a close review of others active in the sector to ensure our rights are not infringed.

#### *Technology failure or disruption*

Constant real time performance, reliability and availability of our technology and third party communication networks is crucial for our business. There is a risk that these systems may fail to perform as expected or be adversely affected by a number of factors, some of which may be outside our control, including damage, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial or service attacks. Such events may cause disruption to part or all of our technology systems and/or the communication networks we depend on. Our operational processes and contingency plans may not adequately address every potential event. This may disrupt transaction flow and adversely impact our financial performance and reputation. To reduce and manage this risk there is a geo-location daily backup regime in place and advanced protection software packages are utilised to minimise the potential risks.

#### *Competition*

There is a risk that new entrants in the market may disrupt our business and market share. Our market involves rapidly evolving products and technological change. The industry in which we operate is subject to domestic and global competition. Competitors may have greater financial and other resources and as a result, may be in a better position to compete for future business opportunities. While we will undertake all reasonable due diligence in our business decisions and operations, we will have no influence or control over the activities or actions of our competitors. As such, there can be no assurance that we can compete effectively. We manage this risk through maintaining product development teams that are highly experienced and remain abreast of latest technological advances and implications for our current and future products.

#### *Loss making operation, future capital needs and additional funding*

Mypay NZ is currently loss making and is not cash flow positive, meaning it is reliant on the Company having funds available to meet projected cash requirements. To manage this possible future risk Directors are reviewing expected capital needs and the potential requirement for subsequent raising of funds from investors, to continue to fund the Company's operations and product development.



**MIE Pay Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<b>Revenue</b>	5	205,673	289,218
Other income	6	80,157	133,290
Interest revenue		944	139
Net foreign exchange gains		494	-
<b>Expenses</b>			
Commission expenses		(527)	(14,165)
Employees and consultants		(1,928,867)	(2,170,496)
Corporate overheads		(166,003)	(205,245)
Marketing and business development		(17,301)	(115,287)
Shared expenses from related parties		(45)	(163,262)
Depreciation and amortisation		(51,543)	(293,040)
Impairment of software		-	(448,339)
Loss on disposal of assets		-	(25,896)
Depreciation and amortisation (right-of-use asset)		(44,090)	-
IPO listing cost		-	(142,493)
Net foreign exchange losses		-	(78,130)
Finance costs		(160,254)	(5,246)
<b>Loss before income tax benefit</b>		(2,081,362)	(3,238,952)
Income tax benefit		822	42,592
<b>Loss after income tax benefit for the year attributable to the owners of MIE Pay Limited</b>	22	(2,080,540)	(3,196,360)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		14,716	(10,389)
Other comprehensive income for the year, net of tax		14,716	(10,389)
<b>Total comprehensive income for the year attributable to the owners of MIE Pay Limited</b>		(2,065,824)	(3,206,749)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	25	(0.65)	(1.02)
Diluted loss per share	25	(0.65)	(1.02)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**MIE Pay Limited**  
**Consolidated statement of financial position**  
**As at 31 March 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	136,521	651,580
Trade and other receivables	9	158,405	611,572
Prepayments	10	174,106	165,063
Total current assets		<u>469,032</u>	<u>1,428,215</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	9,939	35,096
Right-of-use assets	12	44,090	-
Software development costs	13	7,607	15,905
Other intangible asset	14	-	13,800
Total non-current assets		<u>61,636</u>	<u>64,801</u>
<b>Total assets</b>		<u>530,668</u>	<u>1,493,016</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	616,351	633,332
Borrowings	16	850,416	-
Lease liability	17	51,831	-
Income tax		-	2,254
Employee benefits	18	120,874	182,947
Total current liabilities		<u>1,639,472</u>	<u>818,533</u>
<b>Non-current liabilities</b>			
Borrowings	19	31,600	31,600
Deferred tax liability		1,432	-
Bonds held on POS machine		12,800	13,150
Total non-current liabilities		<u>45,832</u>	<u>44,750</u>
<b>Total liabilities</b>		<u>1,685,304</u>	<u>863,283</u>
<b>Net assets/(liabilities)</b>		<u>(1,154,636)</u>	<u>629,733</u>
<b>Equity</b>			
Issued capital	20	6,753,134	6,753,134
Reserves	21	101,722	(194,449)
Accumulated losses	22	(8,009,492)	(5,928,952)
<b>Total equity/(deficiency)</b>		<u>(1,154,636)</u>	<u>629,733</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**MIE Pay Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 March 2022**



<b>Consolidated</b>	<b>Issued capital NZ\$</b>	<b>Reserves NZ\$</b>	<b>Accumulated losses NZ\$</b>	<b>Total equity NZ\$</b>
Balance at 1 April 2020	2,008,932	(184,060)	(2,732,592)	(907,720)
Loss after income tax benefit for the year	-	-	(3,196,360)	(3,196,360)
Other comprehensive income for the year, net of tax	-	(10,389)	-	(10,389)
Total comprehensive income for the year	-	(10,389)	(3,196,360)	(3,206,749)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	4,744,202	-	-	4,744,202
Balance at 31 March 2021	<u>6,753,134</u>	<u>(194,449)</u>	<u>(5,928,952)</u>	<u>629,733</u>
<b>Consolidated</b>	<b>Issued capital NZ\$</b>	<b>Reserves NZ\$</b>	<b>Accumulated losses NZ\$</b>	<b>Total deficiency in equity NZ\$</b>
Balance at 1 April 2021	6,753,134	(194,449)	(5,928,952)	629,733
Loss after income tax benefit for the year	-	-	(2,080,540)	(2,080,540)
Other comprehensive income for the year, net of tax	-	14,716	-	14,716
Total comprehensive income for the year	-	14,716	(2,080,540)	(2,065,824)
Convertible Note Reserve	-	281,455	-	281,455
Balance at 31 March 2022	<u>6,753,134</u>	<u>101,722</u>	<u>(8,009,492)</u>	<u>(1,154,636)</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**MIE Pay Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 March 2022**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		727,742	310,051
Receipts of government grants		80,157	133,290
Payments to suppliers and employees (inclusive of GST)		(2,254,853)	(3,571,834)
		(1,446,954)	(3,128,493)
Interest received		944	139
Interest and other finance costs paid		(3,512)	-
Lease liability interest charge		(9,484)	-
Net cash used in operating activities		(1,459,006)	(3,128,354)
<b>Cash flows from investing activities</b>			
Payments for other intangibles		-	(27,600)
Payments for property, plant and equipment	11	(4,287)	(795)
Payments for software development costs	13	-	(207,863)
Net cash used in investing activities		(4,287)	(236,258)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	20	-	3,554,548
Proceeds from convertible note		984,613	-
Proceeds from borrowings		-	31,600
Repayment of lease liabilities		(36,349)	-
Net cash from financing activities		948,264	3,586,148
Net (decrease)/increase in cash and cash equivalents		(515,029)	221,536
Cash and cash equivalents at the beginning of the financial year		651,580	430,044
Effects of exchange rate changes on cash and cash equivalents		(30)	-
Cash and cash equivalents at the end of the financial year	8	<u>136,521</u>	<u>651,580</u>

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

## **Note 1. General information**

The financial statements cover MIE Pay Limited as a consolidated entity consisting of MIE Pay Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in New Zealand dollars, which is MIE Pay Limited's presentation currency. The functional currency of MIE Pay Limited is Australian dollars, which is predominantly where economic activities of the group were undertaken as at 31 March 2022.

MIE Pay Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

<b>Registered office</b>	<b>Principal place of business</b>
Level 10 420 George Street Sydney NSW 2000	Level 10 420 George Street Sydney NSW 2000

## **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

## **Note 2. Significant accounting policies (continued)**

### **Business combinations**

MIE Pay Limited, MIE Pay NZ Limited, and MyPay New Zealand Limited were owned and controlled by the same shareholders before and after the business combination, and the control is not transitory. Therefore, the business combination represents a common control combination.

Business combination involving entities under common control is scoped out under AASB 3 Business Combination. AASB provides no guidance on the accounting for these types of transactions, however does require an entity to develop an accounting policy. The two most common methods utilised are the acquisition method and the pooling of interest type method (predecessor method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest type method to be the most appropriate. The pooling of interest type method requires the financial statements to be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings/reserves and no additional goodwill is created by the transaction. This transaction has created a common control reserve amounting to (NZD 184,060), which equates to the negative net asset positions of both MIE Pay NZ Ltd (NZD 6,025) and MyPay New Zealand Limited (NZD 178,035).

MIE Pay Limited was incorporated on 1 November 2018. The first accounting period was presented as 12 months under the common control consolidation approach as it is a continuation of MyPay New Zealand Limited's operations.

### **Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a net loss of \$2,080,540 and had net cash outflows from operating activities of \$1,459,006 during the year ended 31 March 2022. As of that date, the company had net assets of (\$1,154,636).

The net loss and net operating cash outflows indicate the existence of a material uncertainty which may cast significant doubt as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

- The company has forecast to generate revenues of \$2,057,288 for the 12 months from July 2022 to June 2023.
- The company has forecast to raise additional funding of \$1,250,000 in the 12 months following the signing of the financial statements. The company has the ability to implement additional cost savings to maintain a positive cash balance over the next 12 months.
- Included in Note 17 is a convertible note liability of \$850,416 that is expected to convert into equity at the company's election.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MIE Pay Limited ('company' or 'parent entity') as at 31 March 2022 and the results of all subsidiaries for the year then ended. MIE Pay Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

## **Note 2. Significant accounting policies (continued)**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, except as otherwise stated. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Foreign currency translation**

The financial statements are presented in New Zealand dollars, which is MIE Pay Limited's presentation currency. The functional currency of MIE Pay Limited is Australian dollars, which is predominantly where economic activities of the company were undertaken as at 31 March 2022.

#### *Foreign currency transactions*

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into New Zealand dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into New Zealand dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

The consolidated entity recognises revenue as follows:

#### *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.

## **Note 2. Significant accounting policies (continued)**

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### *Licence revenue*

Revenue from the sale of software licences is recognised over the period of time in which licence is active.

### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

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

## **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## **Current and non-current classification**

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.



## **Note 2. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. No adjustments have been made in relation to any allowance for expected credit losses. This is because trade receivables are generally settled the next business day.

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

## **Note 2. Significant accounting policies (continued)**

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition except for those acquired in a common control transaction are measured at cost. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Software*

Significant costs associated with software are deferred and amortised on a straight line basis over the period of their expected benefit, being their finite life of 2 years once available for use.

Research costs are expensed in the period in which they are incurred. Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to commercialise the technology; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised software development costs are amortised on a straight-line basis over the period of their expected benefit.

#### *Other intangibles*

Other Intangible Assets related to compliance with the Payment Card Industry Data Security Standard and were also amortised on a straight line basis over their period of expected benefit.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contract liabilities**

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

## **Note 2. Significant accounting policies (continued)**

### **Government grants**

Government grants, including non-monetary grants at fair value, are only recognised when there is reasonable assurance that:

- (a) all conditions attaching to the Government grant will be complied with;
- (b) the value of the grant can be determined with reasonable certainty;
- (c) the grant will be received.

Government grants are recognised as revenue during the period, or periods in which the expenses for which the grants are intended to compensate are recognised. If the Government grant cannot be determined with reasonable certainty, then the grant is recognised as revenue when it is received.

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The carrying amount of the lease liability is remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### **Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

## **Note 2. Significant accounting policies (continued)**

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of MIE Pay Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 March 2022. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable for the current year. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

### **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### *COVID-19 Impact*

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially uncertain for the consolidated entity up to 31 March 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. Border closures and lockdowns have impacted Mie Pay Limited's revenue and revenue has declined from pre-Covid levels but there have been other factors also impacting the revenue decline. While the consolidated entity is continuing to monitor the situation closely, we note the pandemic has not had an impact on estimates and key judgements. Beyond going concern issues referred to elsewhere, this financial report has not considered any potential future impacts as a result of COVID-19.

#### *Business combinations*

As discussed in note 2, IFRS and AASB provides no guidance on the accounting for these types of transactions, however they do require an entity to develop an accounting policy. The two most common methods utilised are the acquisition method and the pooling of interest type method (predecessor method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest type method to be the most appropriate. The pooling of interest type method requires the financial statements to be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings/reserves and no additional goodwill is created by the transaction.

### **Note 4. Operating segments**

#### *Identification of reportable operating segments*

The consolidated entity is organised into two operating segments based on geographic locations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

**Note 4. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 31 March 2022</b>	Australia NZ\$	New Zealand NZ\$	Other segments NZ\$	Total NZ\$
<b>Revenue</b>				
Sales to external customers	-	190,894	-	190,894
Share of cost recharge	-	14,779	-	14,779
Total segment revenue	-	205,673	-	205,673
<i>Unallocated revenue:</i>				
Interest revenue				944
Net foreign exchange gains				494
<b>Total revenue</b>				207,111
<b>EBITDA</b>	(544,264)	(1,281,211)	-	(1,825,475)
Depreciation and amortisation	-	(51,543)	-	(51,543)
Depreciation and amortisation (right-of-use asset)	-	(44,090)	-	(44,090)
Finance costs	(150,192)	(10,062)	-	(160,254)
<b>Loss before income tax benefit</b>	(694,456)	(1,386,906)	-	(2,081,362)
Income tax benefit				822
<b>Loss after income tax benefit</b>				(2,080,540)
<b>Assets</b>				
Segment assets	15,787	378,360	-	394,147
<i>Unallocated assets:</i>				
Cash and cash equivalents				136,521
<b>Total assets</b>				530,668
<b>Liabilities</b>				
Segment liabilities	121,154	712,302	-	833,456
<i>Unallocated liabilities:</i>				
Convertible notes payable				850,416
Deferred tax liability				1,432
<b>Total liabilities</b>				1,685,304

**Note 4. Operating segments (continued)**

<b>Consolidated - 31 March 2021</b>	Australia NZ\$	New Zealand NZ\$	Other segments NZ\$	Total NZ\$
<b>Revenue</b>				
Sales to external customers	-	198,718	-	198,718
Share of cost recharge	-	90,500	-	90,500
Total segment revenue	-	289,218	-	289,218
<i>Unallocated revenue:</i>				
Interest revenue				139
<b>Total revenue</b>				<u>289,357</u>
<b>EBITDA</b>	(706,571)	(2,234,095)	-	(2,940,666)
Depreciation and amortisation	-	(293,040)	-	(293,040)
Finance costs	(5,246)	-	-	(5,246)
<b>Loss before income tax benefit</b>	<u>(711,817)</u>	<u>(2,527,135)</u>	<u>-</u>	<u>(3,238,952)</u>
Income tax benefit				42,592
<b>Loss after income tax benefit</b>				<u>(3,196,360)</u>
<b>Assets</b>				
Segment assets	98,813	742,623	-	841,436
<i>Unallocated assets:</i>				
Cash and cash equivalents				651,580
<b>Total assets</b>				<u>1,493,016</u>
<b>Liabilities</b>				
Segment liabilities	148,354	712,675	-	861,029
<i>Unallocated liabilities:</i>				
Provision for income tax				2,254
<b>Total liabilities</b>				<u>863,283</u>

**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Rendering of services	190,894	198,718
Share of cost recharge	14,779	90,500
<b>Revenue</b>	<u>205,673</u>	<u>289,218</u>



**Note 5. Revenue (continued)**

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<i>Major service lines</i>		
Services fees	190,894	198,718
Share of cost recharge	14,779	90,500
	<u>205,673</u>	<u>289,218</u>
<i>Geographical regions</i>		
New Zealand	<u>205,673</u>	<u>289,218</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	188,239	267,046
Services transferred over time	17,434	22,172
	<u>205,673</u>	<u>289,218</u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Government grants	<u>80,157</u>	<u>133,290</u>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	150,770	5,246
Interest and finance charges paid/payable on lease liabilities	9,484	-
Finance costs expensed	<u>160,254</u>	<u>5,246</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>29,824</u>	<u>34,842</u>



**Note 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Cash at bank	136,521	651,580

**Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Trade receivables	139,939	140,439
Other receivables	410	402
Receivable from related parties	-	370,786
BAS receivable	18,056	99,945
	<u>158,405</u>	<u>611,572</u>

*Allowance for expected credit losses*

The consolidated entity has not recognised a credit loss as trade receivables are generally settled within the agreed payment terms

*Allowance for expected credit losses*

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>31 March 2022 %</b>	<b>31 March 2021 %</b>	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<b>Consolidated</b>						
Not overdue	-	-	96,385	140,841	-	-
0 to 3 months overdue	-	-	43,721	-	-	-
3 to 6 months overdue	-	-	243	-	-	-
			<u>140,349</u>	<u>140,841</u>	<u>-</u>	<u>-</u>

**Related party receivables**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Not overdue	-	57,648
0 to 3 months overdue	-	74,979
3 to 6 months overdue	-	-
6 to 12 months overdue	-	132,237
Over 12 months overdue	-	105,922
	<u>-</u>	<u>370,786</u>

**Note 10. Current assets - prepayments**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Prepayments	174,106	165,063

**Note 11. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Plant and equipment - at cost	85,570	81,282
Less: Accumulated depreciation	(75,631)	(46,186)
	9,939	35,096

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Plant and equipment NZ\$</b>	<b>Total NZ\$</b>
Balance at 1 April 2020	63,417	63,417
Additions	795	795
Depreciation expense	(29,116)	(29,116)
Balance at 31 March 2021	35,096	35,096
Additions	4,288	4,288
Depreciation expense	(29,445)	(29,445)
Balance at 31 March 2022	9,939	9,939

**Note 12. Non-current assets - right-of-use assets**

Additions to the right-of-use assets during the year were NZ\$88,180

The consolidated entity leases land and buildings for its office under an agreement for 2 years with an option to extend. The lease has as an escalation clause. On renewal, the terms of the lease are renegotiated.

**Note 12. Non-current assets - right-of-use assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Right-of-use asset NZ\$	Total NZ\$
Balance at 1 April 2020	-	-
Balance at 31 March 2021	-	-
Additions	88,180	88,180
Depreciation expense	(44,090)	(44,090)
Balance at 31 March 2022	<u>44,090</u>	<u>44,090</u>

**Note 13. Non-current assets - software development costs**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Software - at cost	812,147	812,147
Less: Accumulated amortisation	(356,201)	(347,903)
Less: Impairment	(448,339)	(448,339)
	<u>7,607</u>	<u>15,905</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Software NZ\$	Software work in progress NZ\$	Total NZ\$
Balance at 1 April 2020	145,424	386,976	532,400
Additions	-	207,863	207,863
Impairment of software	(448,339)	-	(448,339)
Write off of assets	-	(25,895)	(25,895)
Transfers in/(out)	568,944	(568,944)	-
Amortisation expense	(250,124)	-	(250,124)
Balance at 31 March 2021	15,905	-	15,905
Amortisation expense	(8,298)	-	(8,298)
Balance at 31 March 2022	<u>7,607</u>	<u>-</u>	<u>7,607</u>

No impairment loss was recognised in relation to the software capitalised development costs during year to 31 March 2022 (2021: \$474,235)

**Note 14. Non-current assets - Other intangible asset**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Other intangible asset - at cost	-	27,600
Less: Accumulated amortisation	-	(13,800)
	<u>-</u>	<u>13,800</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	13,800	-
Additions	-	27,600
Amortisation	(13,800)	(13,800)
Closing balance	<u>-</u>	<u>13,800</u>

**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Trade payables	183,941	135,759
Accrued expenses	200,447	150,520
Related party payables	31,000	251,706
BAS payable	125,640	72,609
Other payables	75,323	22,738
	<u>616,351</u>	<u>633,332</u>

**Note 16. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Convertible note liability	<u>850,416</u>	<u>-</u>

On 29 June 2021 the consolidated entity issued 920 convertible notes with a face value of AUS \$1000 each, for total proceeds of AUD \$920,000. Interest is accrued monthly at an interest rate of 8% per annum, payable on maturity or conversion. The notes are convertible into ordinary shares of the parent entity. The conversion period is 29 June 2022 to 28 June 2023 and the conversion price is AUD 0.10 per share. There were no transaction costs. The convertible notes are unsecured.

The convertible loan agreement was governed by the law of the State of New South Wales.

**Note 16. Current liabilities - borrowings (continued)**

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 March 2022 NZ\$	31 March 2021 NZ\$
Total facilities		
Bank overdraft	50,000	-
Used at the reporting date		
Bank overdraft	26,986	-
Unused at the reporting date		
Bank overdraft	23,014	-

**Note 17. Current liabilities - lease liability**

	Consolidated	
	31 March 2022 NZ\$	31 March 2021 NZ\$
Lease liability	51,831	-

**Note 18. Current liabilities - employee benefits**

	Consolidated	
	31 March 2022 NZ\$	31 March 2021 NZ\$
Annual leave	120,874	182,947

**Note 19. Non-current liabilities - borrowings**

	Consolidated	
	31 March 2022 NZ\$	31 March 2021 NZ\$
Loans	31,600	31,600

The unsecured small business loan of \$31,600 from the New Zealand Inland Revenue commenced on 13 May 2020 and has a final repayment date of 13 May 2025. The loan is interest free for the first 2 years.. Interest will be applied at a rate of 3% per annum from 13 May 2022. The loan is unsecured.

**Note 20. Equity - issued capital**

	Consolidated			
	31 March 2022 Shares	31 March 2021 Shares	31 March 2022 NZ\$	31 March 2021 NZ\$
Ordinary shares - fully paid	319,957,144	319,957,144	6,753,134	6,753,134

**Note 20. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	NZ\$
Balance	1 April 2020	271,000,000		2,008,932
Issue of shares	18 May 2020	15,857,143	NZ\$0.0759	1,202,818
Issue of shares	21 May 2020	33,100,001	NZ\$0.1086	3,554,548
Share issue costs		-	NZ\$0.0000	(13,164)
Balance	31 March 2021	319,957,144		6,753,134
Balance	31 March 2022	319,957,144		6,753,134

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

**Note 21. Equity - reserves**

	Consolidated	
	31 March 2022	31 March 2021
	NZ\$	NZ\$
Foreign currency translation reserve	4,327	(10,389)
Common control reserve	(184,060)	(184,060)
Convertible note reserve	281,455	-
	<u>101,722</u>	<u>(194,449)</u>

**Note 21. Equity - reserves (continued)**

*Foreign currency translation reserve*

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

*Common control reserve*

The reserve is used to recognise the differences between the consideration given and aggregate book value of the assets and liabilities of the entity acquired in a common control transaction.

*Convertible Note Reserve*

The reserve is used to recognise the equity component of the Company's convertible debt.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Common control reserve NZ\$	Foreign currency reserve NZ\$	Convertible Note Reserve NZ\$	Total NZ\$
Balance at 1 April 2020	(184,060)	-	-	(184,060)
Foreign currency translation	-	(10,389)	-	(10,389)
Balance at 31 March 2021	(184,060)	(10,389)	-	(194,449)
Foreign currency translation	-	14,716	-	14,716
Convertible note issue	-	-	281,455	281,455
Balance at 31 March 2022	<u>(184,060)</u>	<u>4,327</u>	<u>281,455</u>	<u>101,722</u>

**Note 22. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Accumulated losses at the beginning of the financial year	(5,928,952)	(2,732,592)
Loss after income tax benefit for the year	<u>(2,080,540)</u>	<u>(3,196,360)</u>
Accumulated losses at the end of the financial year	<u>(8,009,492)</u>	<u>(5,928,952)</u>

**Note 23. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 24. Events after the reporting period**

Loan Advance

Subsequent to balance date, the Executive Director has entered in to an agreement to make available a NZ\$1,200,000 loan facility to Mie Pay Limited. The first drawdown is NZ\$200,000 on 15th July 2022, with the remaining \$1,000,000 by 30th August 2022. The loan facility has an interest rate of 5% per annum based on funds drawn and is unsecured with an initial term of 12 months from the final drawdown.

COVID-19 impact

Due to the coronavirus pandemic New Zealand's borders were closed from 20 March 2020 and New Zealand has had high levels of covid related restrictions in place from August 2021 through to April 2022. Similar border closures and restrictions occurred in Australia throughout the year.

The border closures affected Mie Pay Limited's trade with Chinese tourists and business people and restrictions impacted the level of business activity for Mie Pay Limited's customers as well as impacting Mie Pay's ability to raise capital and generate new revenue streams.

For the financial year to 31 March 2022, revenue for Mie Pay Limited was down by 40% since the pre-pandemic period to 31 March 2020 (a 25% decrease after removing the impact of revenue from intercompany recharges). While there were other reasons impacting this revenue decline, the coronavirus pandemic was a contributing factor.

A high level of the population is now vaccinated, restrictions are easing, and there is a staggered reopening of borders. However, there remain uncertainties in the economy related to the COVID-19 outbreak and these uncertainties could further impact the consolidated entity's operations.

No other matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 25. Loss per share**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Loss after income tax attributable to the owners of MIE Pay Limited	<u>(2,080,540)</u>	<u>(3,196,360)</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.65)	(1.02)
Diluted loss per share	(0.65)	(1.02)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>319,957,144</u>	<u>313,246,889</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>319,957,144</u>	<u>313,246,889</u>

There will potentially be up to a further 10.672 million shares issued on conversion of the convertible note during the conversion period of 29 June 2022 to 28 June 2023. These shares are non-dilutive.