

**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**  
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**For the year ended 31 March 2022**



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## **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 also 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 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 used in 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.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MIE Pay Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2022.

### **Directors**

The following persons were directors of MIE Pay Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Lei (Andy) Zhang  
Jack Zhong Yin  
Chen Chik (Nicholas) Ong  
Hing Chow (Tony) Leung

### **Principal activities**

The principal activities of the consolidated entity during the year were provision of digital payment solutions.

### **Dividends**

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

### **Review of operations**

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

Refer to the 'Operating and Financial Review' for further information.

### **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.

### **Matters subsequent to the end of the financial year**

#### 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.

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

## **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## **Information on directors**

**Name:** Lei (Andy) Zhang  
**Title:** Managing Director  
**Qualifications:** Bachelor of Business in Finance from Massey University  
**Experience and expertise:** He was a registered Financial Services Provider and a member of the Chinese Chamber of Commerce in New Zealand. He is also the Executive Director of the China Youth Returnee Association of New Zealand Chapter.  
 Andy has been involved in Foreign Exchange markets for more than ten years. He worked closely with local and global teams on online marketing initiatives. His strengths are in the maintenance of competitive market landscape, expansion opportunities, and industry developments.  
 He was appointed to the board of the Company as a director on incorporation and subsequently appointed as the Managing Director.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** 144,353,333

**Name:** Jack Zhong Yin  
**Title:** Non-Executive Director  
**Qualifications:** Bachelor of Business Studies (Accounting and Finance) from UNITEC Institute of Technology and a Master of Taxation Systems (Second Class Honours First Division) from the University of Auckland.  
**Experience and expertise:** Jack is a member of the New Zealand Institute of Directors and is a registered Financial Services Provider.  
 He has over 20 years' investment management experience and was the Head of Asian Development for a large accountancy firm in Auckland. He previously held both project and case leader positions with the New Zealand Inland Revenue Department for over eight years.

**Other current directorships:** None  
**Former directorships (last 3 years):** Mr. Yin was an Executive Director of Marlborough Wine Estates Group Limited (NZX: MWE), an NZX grower and wine producer based in the Marlborough region from June 2016 to December 2019.  
**Interests in shares:** 4,580,000

**Name:** Hing Chow (Tony) Leung  
**Title:** Independent Non-Executive Director  
**Qualifications:** Bachelor of Science (Mathematics) degree from the University of Hong Kong.  
**Experience and expertise:** He is a professional with over 30 years' experience in executive and management roles in the financial industry. Until recently, he was a director of an American multinational financial services corporation responsible for the Asia Pacific regional partners servicing and business development.  
 Mr. Leung has an extensive background in mobile payment and e-commerce technologies deployment with strong exposure to the payment industry and branded consumer product development in the Asia Pacific region.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** Nil



Name:	Chen Chik (Nicholas) Ong
Title:	Independent Non-Executive Director and Company Secretary
Qualifications:	Bachelor of Commerce (Banking and Finance) from Murdoch University and a Master of Business Administration from the University of Western Australia.
Experience and expertise:	He was a Principal Listings Advisor at the ASX overseeing the listings of over a hundred companies. He has served as a company secretary and director to a number of ASX and NSX listed companies. In his role as the Managing Director of Minerva Corporate, Mr Ong has acted as Compliance Manager for numerous IPO's and RTO's on the ASX and the NSX. Minerva Corporate acted as the Nominated Adviser of the Company post listing.
Other current directorships:	Mr Ong currently holds board positions in the following ASX listed companies in Australia: Black Star Petroleum Limited (ASX:BSP); Helios Energy Ltd (ASX:HE8); Vonex Limited (ASX:VNX); and White Cliff Minerals Limited (ASX:WCN). He is the Company Secretary of Indo Mines Limited (ASX:IDO); Love Group Global Ltd (ASX:LVE); and Beroni Group Limited (NSX: BTG).
Former directorships (last 3 years):	Mr Ong was a director of Tianmei Beverage Group Corporation Limited; Arrow Minerals Limited, Jiajiafu Modern Agriculture Ltd, CoAssets Limited.
Interests in shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

Chen Chik (Nicholas) Ong has held the role of Company Secretary since 3 December 2019.

### **Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 March 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Lei (Andy) Zhang	12	12
Jack Zhong Yin	12	12
Hing Chow (Tony) Leung	12	12
Chen Chik (Nicholas) Ong	12	12

Held: represents the number of meetings held during the time the director held office.

The role of the Nomination and Remuneration Committee and the Audit and Risk Committee is performed by the Board. The Board has determined that this is appropriate for the size of the company.

### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation

***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The board remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the full board. Although there is no separate remuneration committee the Board's aim is to ensure the remuneration packages properly reflect directors' and executives' duties and responsibilities. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

***Executive remuneration***

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

***Non-executive Directors Remuneration***

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

Some of the directors perform at least some executive or consultancy services. As the Board considers it important to distinguish between the executive and non-executive roles each of the directors receive a separate fixed fee for their services as a director.

The current remuneration policy adopted is that no element of any director or executive package is directly related to the Group's financial performance. Indeed, there are no elements of any director or executive remuneration that are dependent upon the satisfaction of any specific condition.

***Voting and comments made at the company's 25 August 2021 Annual General Meeting ('AGM')***

At the 2021 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 March 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

***Amounts of remuneration***

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of MIE Pay Limited:

- Hing (Tony) Chow Leung - Non-Executive Director
- Jack Zhong Yin - Non-Executive Director.
- Nicholas Ong - Non-Executive Director and Company Secretary
- Lei (Andy) Zhang - Executive Director

And the following persons:

- Xiaofeng Wang - Chief Operating Officer (from 1st July 2021)
- Hattie Haiqing Chu (Financial Controller)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees NZ\$	Cash bonus NZ\$	Non-monetary NZ\$	Super-annuation NZ\$	Long service leave NZ\$	Equity-settled NZ\$	Total NZ\$
<b>31 March 2022</b>							
<i>Non-Executive Directors:</i>							
Hing (Tony) Chow Leung	38,862	-	-	3,838	-	-	42,700
Jack Zhong Yin	38,862	-	-	3,838	-	-	42,700
Nicholas Ong (Minerva Corporate)	90,679	-	-	-	-	-	90,679
<i>Executive Directors:</i>							
Lei (Andy) Zhang	273,333	-	-	-	-	-	273,333
<i>Other Key Management Personnel:</i>							
Xiaofeng Wang (a)	59,077	-	-	1,772	-	-	60,849
Hattie Haiqing Chu	120,000	-	-	3,600	-	-	123,600
	<u>620,813</u>	<u>-</u>	<u>-</u>	<u>13,048</u>	<u>-</u>	<u>-</u>	<u>633,861</u>

(a) Xiaofeng Wang commenced employment on 1 July 2021 and payments to him are from that date.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees NZ\$	Cash bonus NZ\$	Non-monetary NZ\$	Super-annuation NZ\$	Long service leave NZ\$	Equity-settled NZ\$	Total NZ\$
<b>31 March 2021</b>							
<i>Non-Executive Directors:</i>							
Hing (Tony) Chow Leung	38,567	-	-	3,664	-	-	42,231
Jack Zhong Yin (a)	53,567	-	-	3,664	-	-	57,231
Roger Kerr (b)	34,580	-	-	3,285	-	-	37,865
Nicholas Ong (Minerva Corporate)	91,060	-	-	-	-	-	91,060
<i>Executive Directors:</i>							
Lei (Andy) Zhang (c)	432,257	-	-	-	-	-	432,257
<i>Other Key Management Personnel:</i>							
Jianxiong (Bill) Meng	85,189	-	-	-	-	-	85,189
Wei (Chris) Fan	89,299	-	-	2,679	-	-	91,978
Richard Justice (Total Performance Solutions Ltd) (d)	154,230	-	-	-	-	-	154,230
	<u>978,749</u>	<u>-</u>	<u>-</u>	<u>13,292</u>	<u>-</u>	<u>-</u>	<u>992,041</u>

(a) Includes \$15,000 for acting as CFO for the period 1 November 2020 to 31 January 2021

(b) Roger Kerr's resignation was effective from 25 September 2020. Payments to him were up until that date.

(c) The gross salary paid to Lei Zhang directly by Mypay New Zealand Limited is \$432,257 ( this includes payment for March 2020 salary). However, after adjusting for recharges to/from other related entities (outside the Miepay group), the total charge incurred by Mypay New Zealand was \$259,354

(d) Richard Justice's contract terminated on 15 October 2020

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<i>Non-Executive Directors:</i>						
Hing (Tony) Chow Leung	100%	100%	-	-	-	-
Jack Zhong Yin	100%	100%	-	-	-	-
Roger Kerr	-	100%	-	-	-	-
Nicholas Ong	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Lei (Andy) Zhang	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Xiaofeng Wang	100%	-	-	-	-	-
Hattie Haiqing Chu	100%	-	-	-	-	-
Jianxiong (Bill) Meng	-	100%	-	-	-	-
Wei (Chris) Fan	-	100%	-	-	-	-
Richard Justice	-	100%	-	-	-	-

### **Service agreements**

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. Formal services contracts are made with the Managing Director and other Key Management Personnel.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Hing (Tony) Chow Leung
Title:	Non-Executive Director
Agreement commenced:	25 September 2019, reappointed 25 August 2021
Term of agreement:	Until the next AGM of Mie Pay Ltd
Details:	A\$39,420 (NZ\$42,700) pa, inclusive of superannuation
Name:	Jack Zhong Yin
Title:	Non-Executive Director
Agreement commenced:	25 September 2019, reappointed 25 August 2021
Term of agreement:	Until the next AGM of Mie Pay Ltd
Details:	A\$39,420 (NZ\$42,700) pa, inclusive of superannuation
Name:	Nicholas Ong
Title:	Non-Executive Director and Company Secretary
Agreement commenced:	12 July 2019
Term of agreement:	Initial term of 12 months, with 3 months notice by either party thereafter
Details:	A\$84,000 (NZ\$90,679) pa plus disbursements plus GST
Name:	Lei (Andy) Zhang
Title:	Executive Director
Agreement commenced:	1 November 2019, amended 1 June 2021
Term of agreement:	Permanent
Details:	NZ \$240,000 pa
Name:	Xiaofeng Wang
Title:	Chief Operating Officer
Agreement commenced:	1 July 2021
Term of agreement:	Permanent
Details:	NZ\$80,000 pa + 3% Kiwisaver superannuation
Name:	Hattie Haiqing Chu
Title:	Financial Controller
Agreement commenced:	19 October 2020
Term of agreement:	Permanent (30 hrs per week)
Details:	NZ\$120,000 pa + 3% Kiwisaver superannuation

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 March 2022.

#### *Options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 March 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 March 2022.

***This concludes the remuneration report, which has been audited.***

### **Shares under option**

There were no unissued ordinary shares of MIE Pay Limited under option outstanding at the date of this report.

### **Shares issued on the exercise of options**

There were no ordinary shares of MIE Pay Limited issued on the exercise of options during the year ended 31 March 2022 and up to the date of this report.

### **Corporate Governance Statement**

The Board has created a framework for managing the consolidated entity, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the consolidated entity's business and which are designed to promote the responsible management and conduct of the consolidated entity.

The policies and charters referred to in the Corporate Governance Statement are available via the consolidated entity's website which is available at [www.miepay.com/corporate-governance-policy](http://www.miepay.com/corporate-governance-policy).

### **Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

### **Officers of the company who are former partners of RSM Australia Partners**

There are no officers of the company who are former partners of RSM Australia Partners.

### **Auditor's independence declaration**

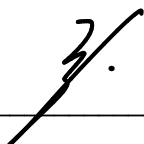
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

### **Auditor**

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

  
\_\_\_\_\_  
Lei Zhang  
Director

30 June 2022

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Mie Pay Limited for the half year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM*

**RSM AUSTRALIA PARTNERS**

*David Talbot*

**David Talbot**  
Partner

Sydney, NSW  
Dated: 30 June 2022



**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	8	822	42,592
<b>Loss after income tax benefit for the year attributable to the owners of MIE Pay Limited</b>	23	(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	35	(0.65)	(1.02)
Diluted loss per share	35	(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	9	136,521	651,580
Trade and other receivables	10	158,405	611,572
Prepayments	11	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	12	9,939	35,096
Right-of-use assets	13	44,090	-
Software development costs	14	7,607	15,905
Other intangible asset	15	-	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	16	616,351	633,332
Borrowings	17	850,416	-
Lease liability	18	51,831	-
Income tax	8	-	2,254
Employee benefits	19	120,874	182,947
Total current liabilities		<u>1,639,472</u>	<u>818,533</u>
<b>Non-current liabilities</b>			
Borrowings	20	31,600	31,600
Deferred tax liability	8	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	21	6,753,134	6,753,134
Reserves	22	101,722	(194,449)
Accumulated losses	23	(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 21)	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	33	(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	12	(4,287)	(795)
Payments for software development costs	14	-	(207,863)
Net cash used in investing activities		(4,287)	(236,258)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	21	-	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	9	<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 liabilities 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.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

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

### **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'.

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.

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

### **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.

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.



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

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.

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.

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

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.

### **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.

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

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.

### **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.

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

### **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.

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.

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

### *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.

*Operating segment information*

<b>Consolidated - 31 March 2022</b>	<b>Australia NZ\$</b>	<b>New Zealand NZ\$</b>	<b>Total NZ\$</b>
<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>			<b>207,111</b>
<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>	<b>(694,456)</b>	<b>(1,386,906)</b>	<b>(2,081,362)</b>
Income tax benefit			822
<b>Loss after income tax benefit</b>			<b>(2,080,540)</b>
<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>			<b>530,668</b>
<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>			<b>1,685,304</b>

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

<b>Consolidated - 31 March 2021</b>	<b>Australia NZ\$</b>	<b>New Zealand NZ\$</b>	<b>Total NZ\$</b>
<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>			<b>289,357</b>
<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>	<b>(711,817)</b>	<b>(2,527,135)</b>	<b>(3,238,952)</b>
Income tax benefit			42,592
<b>Loss after income tax benefit</b>			<b>(3,196,360)</b>
<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>			<b>1,493,016</b>
<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>			<b>863,283</b>

**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>	<b>205,673</b>	<b>289,218</b>



**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. Income tax**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(2,081,362)	(3,238,952)
Tax at the statutory tax rate of 25% (2021: 26%)	(520,341)	(842,128)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	718	-
Legal expenses	14,355	6,872
Other non-reversing differences	13,370	2,661
Deferred tax asset in respect of tax losses not recognised	1,110,587	859,985
Tax rate difference	(41,583)	(27,390)
Reversal of prior year over provision	(579,130)	(42,592)
Deferred tax asset adjustment due to tax rate change	1,202	-
Income tax benefit	<u>(822)</u>	<u>(42,592)</u>

The cumulative tax losses available to be carried forward by the group at 31 March 2022 amount to NZD \$6,223,488 (2021: \$4,790,743).

**Note 9. Current assets - cash and cash equivalents**

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

**Note 10. 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

**Note 10. Current assets - trade and other receivables (continued)**

*Allowance for expected credit losses*

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Consolidated	%	%	NZ\$	NZ\$	NZ\$	NZ\$
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**

	Consolidated	
	31 March 2022	31 March 2021
	NZ\$	NZ\$
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 11. Current assets - prepayments**

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

**Note 12. Non-current assets - property, plant and equipment**

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

**Note 12. Non-current assets - property, plant and equipment (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>	Plant and equipment NZ\$	Total NZ\$
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	<u>9,939</u>	<u>9,939</u>

**Note 13. 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.

*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 14. 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>

**Note 14. Non-current assets - software development costs (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>	<b>Software NZ\$</b>	<b>Software work in progress NZ\$</b>	<b>Total NZ\$</b>
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: \$448,339)

**Note 15. 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	27,600
Less: Accumulated amortisation	<u>(27,600)</u>	<u>(13,800)</u>
	<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	<u>(13,800)</u>	<u>(13,800)</u>
Closing balance	<u>-</u>	<u>13,800</u>

**Note 16. 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>

Refer to note 25 for further information on financial instruments.

**Note 17. 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.

Refer to note 25 for further information on financial instruments.

*Financing arrangements*

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

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

**Note 18. Current liabilities - lease liability**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Lease liability	<u>51,831</u>	<u>-</u>

Refer to note 25 for further information on financial instruments.

**Note 19. Current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Annual leave	<u>120,874</u>	<u>182,947</u>

**Note 20. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Loans	<u>31,600</u>	<u>31,600</u>

Refer to note 25 for further information on financial instruments.

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 21. Equity - issued capital**

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

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>NZ\$</b>
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	<u>319,957,144</u>		<u>6,753,134</u>
Balance	31 March 2022	<u>319,957,144</u>		<u>6,753,134</u>

**Note 21. Equity - issued capital (continued)**

*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 22. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
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>

*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.

**Note 22. Equity - reserves (continued)**

*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 23. 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	(2,080,540)	(3,196,360)
Accumulated losses at the end of the financial year	<u>(8,009,492)</u>	<u>(5,928,952)</u>

**Note 24. Equity - dividends**

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

**Note 25. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

***Foreign currency risk***

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.



**Note 25. Financial instruments (continued)**

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency, New Zealand dollars. The foreign currency exposure relates to some trade payables in the parent entity. However, the consolidated entity is not exposed to significant foreign currency risk.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity does not have long-term borrowings or term deposits. The consolidated entities borrowings are a fixed rate convertible note that converts into a fixed number of shares subsequent to the reporting date. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. Therefore the consolidated entity is not exposed to any significant interest rate risk from borrowings.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognise financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Credit risk in relation to customers is dispersed and without concentration on any particular customer. In most cases, the consolidated entity collects amounts due from customers within the credit terms provided.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

Unused borrowing facilities at the reporting date:

	<b>Consolidated</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Bank overdraft	23,014	-

At balance date, the bank overdraft facility was in place for a term of one month. It was subsequently renewed for a further term of one month.

**Note 25. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 31 March 2022</b>	Weighted average interest rate %	1 year or less NZ\$	Between 1 and 2 years NZ\$	Between 2 and 5 years NZ\$	Over 5 years NZ\$	Remaining contractual maturities NZ\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	183,941	-	-	-	183,941
Related party payables	-	31,000	-	-	-	31,000
BAS payable	-	125,640	-	-	-	125,640
Other payables	-	75,323	-	-	-	75,323
<i>Interest-bearing - variable</i>						
Other loans	-	31,600	-	-	-	31,600
<i>Interest-bearing - fixed rate</i>						
Convertible note liability	8.00%	850,416	-	-	-	850,416
Lease liability	-	51,831	-	-	-	51,831
Total non-derivatives		1,349,751	-	-	-	1,349,751

<b>Consolidated - 31 March 2021</b>	Weighted average interest rate %	1 year or less NZ\$	Between 1 and 2 years NZ\$	Between 2 and 5 years NZ\$	Over 5 years NZ\$	Remaining contractual maturities NZ\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	135,759	-	-	-	135,759
Related party payables	-	567,780	-	-	-	567,780
BAS payable	-	72,609	-	-	-	72,609
Other payables	-	22,738	-	-	-	22,738
<i>Interest-bearing - variable</i>						
Other loans	-	31,600	-	-	-	31,600
Total non-derivatives		830,486	-	-	-	830,486

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 26. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Short-term employee benefits	620,813	978,749
Post-employment benefits	13,048	13,292
	<u>633,861</u>	<u>992,041</u>

**Note 27. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, and its network firms:

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	<u>69,629</u>	<u>82,150</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>56,421</u>	<u>50,000</u>

**Note 28. Contingent liabilities**

There were no contingent liabilities reported for the year ended 31 March 2022.

**Note 29. Related party transactions**

*Parent entity*

MIE Pay Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 31.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

**Note 29. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Sale of goods and services:		
	-	-
Payment to IE Money Ltd, IE Finance Limited, Pal Tech Limited (formerly IE Financial Services Limited), and IE Technology Limited for shared costs incurred by these related entities and recharged to the Mie Pay group.	45	163,262
	-	-
Payment from IE Finance Limited and IE Money Ltd for Salaries recharged to these related entities by Mypay New Zealand Limited	14,779	90,500

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Current receivables:		
Trade receivables due from IE Finance Limited, Pal Tech Limited, and IE Money Ltd relating to shared services, personnel, and other costs recharged by the Mie Pay group.	-	370,786
Current payables:		
Trade payables due to IE Finance Limited, Pal Tech Limited, IE Money Ltd and IE Technology Limited relating to shared services, personnel, and other costs recharged by those entities to the Mie Pay group.	-	251,706

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2021</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Current borrowings:		
Short term loan from Pal Tech Limited (formerly IE Financial Services Limited)	31,000	-
Current loans:		
Short term loan due from IE Technology Limited	-	50,000

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 30. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Loss after income tax	(6,312,205)	(642,361)
Total comprehensive income	(6,312,205)	(642,361)

*Statement of financial position*

	<b>Parent</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Total current assets	16,627	4,260,745
Total assets	16,735	5,269,271
Total current liabilities	971,570	(173,756)
Total liabilities	973,002	(173,756)
Equity		
Issued capital	6,753,134	6,753,134
Foreign currency translation reserve	4,327	(10,389)
Common control reserve	(184,060)	(184,060)
Convertible note reserve	281,455	-
Accumulated losses	(7,811,123)	(1,463,170)
Total equity/(deficiency)	(956,267)	5,095,515

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 March 2022 and 31 March 2021.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 March 2022 and 31 March 2021.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 March 2022 and 31 March 2021.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. At 31 March 2022 the parent entity fully impaired the investment in its subsidiary of \$975,032 together with the related party receivables from its subsidiaries of \$4,642,717.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### **Note 31. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 March 2022</b>	<b>31 March 2021</b>
		<b>%</b>	<b>%</b>
MIE Pay NZ Limited	New Zealand	100.00%	100.00%
MyPay New Zealand Limited	New Zealand	100.00%	100.00%
Mie Pay AU Pty Limited	Australia	100.00%	-

### **Note 32. 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 33. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>31 March 2022 NZ\$</b>	<b>31 March 2021 NZ\$</b>
Loss after income tax benefit for the year	(2,080,540)	(3,196,360)
Adjustments for:		
Depreciation and amortisation	95,633	293,040
Foreign exchange differences	(30)	-
Impairment	-	448,339
Write off of assets	-	25,895
Finance costs - non-cash	157,395	5,246
Foreign currency differences	-	45,519
Purchase of property, plant and equipment	4,287	-
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	453,168	(8,775)
Increase in prepayments	(9,043)	(77,324)
Decrease in trade and other payables	(16,981)	(690,554)
Decrease in provision for income tax	(2,254)	(40,338)
Increase in deferred tax liabilities	1,432	-
Increase/(decrease) in employee benefits	(62,073)	66,958
Net cash used in operating activities	<u>(1,459,006)</u>	<u>(3,128,354)</u>

**Note 34. Changes in liabilities arising from financing activities**

<b>Consolidated</b>	<b>Small business loan NZ\$</b>	<b>Convertible notes NZ\$</b>	<b>Lease liability NZ\$</b>	<b>Total NZ\$</b>
Balance at 1 April 2020	-	1,134,300	-	1,134,300
Net cash from financing activities	31,600	-	-	31,600
Conversion to ordinary shares	-	(1,134,300)	-	(1,134,300)
Balance at 31 March 2021	31,600	-	-	31,600
Net cash from/(used in) financing activities	-	984,613	(36,349)	948,264
Convertible note reserve	-	(281,455)	-	(281,455)
Interest accrued on convertible note	-	147,258	-	147,258
Acquisition of leases	-	-	88,180	88,180
Balance at 31 March 2022	<u>31,600</u>	<u>850,416</u>	<u>51,831</u>	<u>933,847</u>

**Note 35. 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>

**Note 35. Loss per share (continued)**

	<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.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2022 and of its performance for the financial year ended on that date; and
- 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 section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Lei Zhang  
Director

30 June 2022

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF MIE PAY LIMITED**

**Opinion**

We have audited the financial report of Mie Pay Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its financial performance for the year then ended; and
- (ii) 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.

**Material Uncertainty Related to Going Concern – to check**

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$2,080,540 and used had net cash outflow from operating activities of \$1,459,006 during the year ended 31 March 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**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 period. 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<b><u>Revenue recognition</u></b>	
<p>Refer to page 24 significant accounting policy on revenue recognition</p> <p>Revenue recognition has been identified as a risk primarily relating to the following:</p> <ul style="list-style-type: none"> <li>The completeness and accuracy of capturing all sales transactions during the year and the timing of revenue recognition occurred during the year</li> <li>Judgement is required to determine when performance obligations have transferred under contractual agreements with the related parties and external parties</li> </ul> <p>We have determined that revenue is a key audit matter due to the high volume of transactions occurring and the total balance is significant to the operations.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Assessed whether the Group's revenue recognition policies are in compliance with AASB 15</li> <li>Performed detailed testing on a sample of sales transactions to ensure that revenue recognised was complete and was recorded in the appropriate period to address the risk of cut off errors</li> <li>Reviewed the contracts and agreements with related parties to understand the nature of revenue transactions.</li> <li>Performed cut-off testing over transactions recorded either side of the year end, to ensure that revenues were recorded in the appropriate period.</li> <li>Assessed the appropriateness of the disclosures in the financial report.</li> </ul>
<b><u>Accounting for convertible notes</u></b>	
<p>Refer to Note 17 "Borrowing"</p> <p>As disclosed in Note 17 to the financial report, the group issued 920 convertible notes with face value of \$1,000 per note.</p> <p>In accordance with the terms of the notes issued, the group must redeem all the issued convertible notes on the maturity date, being 29 June 2023.</p> <p>We considered this a key audit matter given the significant judgements involved in determining the carrying value of convertible notes</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Reviewed the convertible notes deed to obtain an understanding of the underlying terms and conditions.</li> <li>Discussed with management regarding the arrangement of the transaction and noteholders' intention as to how the liabilities to be settled.</li> <li>Obtained written representations from the company and noteholder to collaborate our understanding of the settlement arrangements.</li> <li>Reviewed management's accounting treatment is in accordance with applicable accounting standards.</li> <li>Assessed the adequacy of the disclosures relating to the convertible notes on issue with respect to management's judgements.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 31 March 2022.

In our opinion, the Remuneration Report of Mie Pay Ltd, for the year ended 31 March 2022, 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.

**RSM AUSTRALIA PARTNERS****David Talbot**

Partner

Sydney, NSW

Dated: 30 June 2022

The shareholder information set out below was applicable as at 30 June 2022.

### **Equity security holders**

The following equity shareholders held substantial shareholdings:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
LEI ZHANG	144,353,333	45.12
MR JIANLIN ZHOU	40,000,000	12.50
XIANZHENG HUANG	33,333,334	10.42
	<u>217,686,667</u>	<u>68.04</u>

### *Unquoted equity securities*

There are no unquoted equity securities.

### **Voting rights**

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

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.

There are no other classes of equity securities.