

ASX ANNOUNCEMENT

31 JANUARY 2023

December '22 Quarterly Activities Report and Operational Update

Highlights

- Signed exclusive five-year agreement with Philippines' largest regional cooperative, MASS-SPECC, for its 1.6 million members to use Electronic Money Issuer ("EMI") financial services via Peppermint's bizmoto platform
- Continued to develop strong relationships with strategic partners with the aiming of signing-up additional EMI financial service agreements to use Peppermint's bizmoto platform
- Progressed plans to issue Visa pre-paid & debit cards to bizmoto users that are directly tied to a bizmoto wallet
- Worked on developing strategic partnerships and alliances to broaden Peppermint's operational area, with a primary focus on the ASEAN region.
- Launched bizmoKarte pilot - a unique financial literacy knowledge sharing platform aimed at helping individuals & small-to-medium size business owners become more confident and successful in managing financial matters
- Rebranded bizmoPay to bizmoLoan and worked on developing a broader range of loan products to assist Filipinos access non-bank finance
- December '22 Quarter revenues increased circa 40% on previous quarter
- Ended December '22 Quarter with \$4.3 million at bank

PERTH, AUSTRALIA, 31 JANUARY 2023: Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Activities Report and Operational Update for the period ended 31 December 2022 and is pleased to provide the following commentary and update to shareholders.

Peppermint's Managing Director and CEO Chris Kain said: "2022 was truly a transformational year for Peppermint with the award of our EMI licence, our partnership with Visa and signing our first EMI services agreement with the Philippines' largest regional cooperative, MASS-SPECC.

"During the year and throughout the December quarter we undertook significant technology improvements to our bizmoto mobile platform, as well as integrating functionalities for InstaPay and PESONet and onboarding other entities such as ECPay, GCash, Paymaya, 7-Eleven, and the Bank of the Philippines.



Peppermint Innovation Limited ACN 125 931 964 ASX: PIL

Level 2 East, The Wentworth Building, 300 Murray Street, (Off Raine Lane) Perth Western Australia 6000

Phone: +61 8 6255 5504 | Email: info@pepltd.com.au | www.pepltd.com.au

"These commercial agreements, App refinements and platform integrations have been part of Peppermint's 'reset' strategy and they each present the Company with significant growth opportunities as we head into 2023.

"Already, our revenue numbers for the December quarter delivered some 'green shoots' with a circa 40% increase on our previous period.

"In 2023, we aim to capitalise on our achievements from last year by identifying additional strategic opportunities to create partnerships to increase bizmoto user and platform engagement.

"We are seeking to fast track the issuing of bizmoto Visa pre-paid and debit cards to our users that are directly tied to a *bizmoto* wallet.

"This will allow users to transact using Visa's global payment infrastructure and it will also allow users to directly transact with our bizmoLoan program and products – thereby empowering them to make regular e-commerce and online transactions.

"Like our recently signed agreement with MASS-SPECC, where we are looking to roll-out EMI financial services to their 1.6 million members over time, we are also looking to sign-up additional EMI service agreements and programs which deliver the same community digital solution via our bizmoto platform.

"These programs will allow users to complete 'cash-in' and 'cash-out' transactions, transfer direct from the bizmoto wallet to another bank account, as well as access other e-wallet financial services - all directly from the bizmoto wallet.

"We are also collaborating with MASS-SPECC to identify how bizmoto can offer co-operative products and services across our ecosystem – something we are hopeful of delivering in 2023.

"In relation to our bizmoLoan offering, we are currently working on broadening our range of loan products to assist Filipinos access non-bank finance. In 2023, we aim to offer a range of new loans that focus on new opportunities for Filipinos living in the Philippines, as well as overseas.

"And in what should be exciting news for investors, Peppermint is looking to identify strategic partnerships and alliances to broaden its operational area, with a key focus on the ASEAN region.

"In a digital economy that is estimated to be worth anywhere up to US\$350 billion by 2025, Peppermint will be looking to replicate its bizmoto digital community across the ASEAN region – delivering financial inclusion to people that are unbanked or underbanked.

"Our team has worked incredibly hard during the past two to three years – raising funding, improving our platform and user experience, securing our EMI licence and signing up to Visa's FinTech Fast Track Program.

"It really does feel like we're well positioned and ready to accelerate growth."



DECEMBER 2022 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

MASS-SPECC Cooperative Development Center

As announced on 19 October 2022, Peppermint signed a five-year exclusive agreement with the Philippines' largest regional cooperative foundation - MASS -SPECC Cooperative Development Centre ("MASS-SPECC") - for its 1.6 million members to use bizmoto's Electronic Money Issuer ("EMI") financial services.¹

1 Refer ASX Announcement dated 19 October 2022 titled "Peppermint Bizmoto signs exclusive agreement with MASS-SPECC to offer EMI financial services to 1.6M co-op members"

The agreement - which is the first EMI services agreement signed by Peppermint since receiving its EMI licence - allows MASS-SPECC users to complete 'cash-in' and 'cash-out' transactions, transfer direct from the bizmoto wallet to another bank as well as access other e-wallet financial services - all directly from the bizmoto wallet.

In 2021 alone, MASS-SPECC's ATM cash-outs accounted for almost two million transactions or an average of 166,000 transactions per month. The two million transactions were attributed to only circa 380,000 ATM card holding members of MASS-SPECC's 1.6 million individual members.

As outlined in the October 19 announcement, Peppermint will receive a one-off integration payment of circa \$40,000 and earn on-going fees on a revenue share basis for each transaction, dependent on the service performed which at this stage cannot be quantified in terms of materiality.

Phase 1 of the MASS-SPECC project is expected to launch by early February and will include the onboarding of co-operative members with features such as bills payment, cash-in from MASS-SPECC's ATM account to a bizmoto wallet and cash out.

Phase 2 will cover the services of cash-in via a third-party partner (i.e. Dragonpay, PayMaya), fund transfer from a bizmoto wallet to another wallet, fund transfer via InstaPay and PESONet, transaction history and eLoad.

Peppermint has been working closely with MASS-SPECC to identify how bizmoto can offer co-operative products and services across its ecosystem, as well as developing relationships with other strategic partners with a view to signing up additional EMI financial service agreements via its bizmoto platform.

Visa's FinTech Fast Track Program

Peppermint is working hard to fast track the issuing of bizmoto Visa pre-paid and debit cards to users that are directly tied to a bizmoto wallet. This will also allow users to directly transact with Peppermint's bizmoLoan program and products - thereby empowering them to make regular e-commerce and online transactions.



Peppermint's ability to issue Visa debit cards comes after the Company signed an exclusive five-year agreement with Visa last August². The Visa FinTech Fast Track Program will allow Peppermint to significantly expand its digital financial offering around the world, focussing initially on the key markets of the Philippines, Singapore and Australia.

² Refer to ASX Announcement dated 18 August 2022 titled "Peppermint signs exclusive 5-year agreement with Visa"

bizmoKarte

On 25 October, Peppermint launched a pilot program that offered a unique financial literacy knowledge sharing platform - called bizmoKarte.

The program delivered learning content about savings, investments, loans, household bill management, budgeting and small business management.

The pilot program demonstrated the content was valuable for individuals and small-to-medium business owners, but user feedback suggested it was complimentary to the bizmoto platform and not as a standalone App.

All program content, current and future, will soon be available on the bizmoto website and accessible via the bizmoKarte function.

Bizmoto Operations

During the December quarter, Peppermint increased its total pool of bizmoto agents by 5% (+1,928) while the number of registered merchants (749) and registered bizmoGo riders (673) remained static. The number of funded wallets increased by two per cent during the quarter.

Two significant promotional activities were undertaken during the December quarter - one focussed on attracting new bizmoLoan customers and the other targeting new bizmoto App users. A total of 590 new users were attracted to the bizmoto platform across both promotions.

Peppermint completed its technical integration of Cebuana Lhuillier's 'cash-in' offering across the bizmoto platform, which is expected to go 'live' soon once Cebuana finalises its UAT testing.

Peppermint continued to undertake significant testing and refinement of its bizmoto system during the December quarter, including vulnerability assessment and security hardenings as well as App integration.

The bizmoto App is fully integrated with bizmoGo rider, bizmoGo merchant, bizmoGo Pabili and bizmoTinda.

BizmoLoan Operations

The number of loans issued during the December quarter increased by 24% from 587 to 726 loans.

The Company is strategically focussed on securing higher-value, better target loans that will deliver increased profits and build a strong loan book as well as broadening its range of loan products to assist Filipinos access non-bank finance.



During the December quarter, the Company fine-tuned its sales process to increase its loan conversion rates, reduce the number of customers from 'dropping-off' or abandoning their application process and better engaging with the borrower to nurture them through each state of the borrowing journey.

It is a sophisticated sales process designed to build a valuable database of repeat borrowers.

BancNet Customer Summary

Peppermint continued to work closely with several BancNet customers to implement various Mobile Banking Solution (MBS) services, which are at varying stages of implementation.

Two MBS projects were successfully deployed last December with a 'bills payment' project currently under the banking customer's testing regime. This 'bills payment' project is targeted for deployment by March 2023.

The development and integration of a QR PH P2P (Person to Person) project is ongoing with a target deployment date by March 2023, while a P2M (Person to Merchant) project is also under negotiation.

Peppermint continues to be in commercial negotiations with other banks around the implementation of various MBS services.

Corporate

An Appendix 4C detailing expenditure for the December '22 Quarter is accompanying this Quarterly Activities Report and Operational Update.

The Company's focus has been around the development and commercialisation of its bizmoto platform.

Expenditure for the Quarter ended 31 December 2022 included:

- Administration and corporate costs of \$147k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$79k incurred in producing products and services for sale;
- Advertising and marketing expenditure of \$122k related to marketing the Company and its products and services;
- Remunerations costs of \$339k comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$202k was paid by way of fees and salaries to related parties and \$19k was paid by way of superannuation to related parties.

Ends

This ASX announcement has been approved by Peppermint Innovation Limited's Board of Directors and authorised for release.



For more information, please contact:

Chris Kain
Managing Director & CEO
Peppermint Innovation Limited
E: info@pepltd.com.au

About Peppermint Innovation Ltd

Peppermint Innovation is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payment and remittance, delivery and logistics, ecommerce and finance technology to service the Philippines market – which was initially designed for banks, agents, associations and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.

Forward Looking Statements: Statements regarding plans with respect to Peppermint's business plans are forward looking statements. There can be no assurance that Peppermint's plans will proceed as expected and there can be no assurance that Peppermint will be able to increase revenue.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Peppermint Innovation Limited

ABN

56 125 931 964

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	150	258
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(79)	(174)
(c) advertising and marketing	(122)	(296)
(d) leased assets	-	-
(e) staff costs	(339)	(555)
(f) administration and corporate costs	(147)	(531)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	2	(8)
1.9 Net cash from / (used in) operating activities	(529)	(1,295)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	4,809	5,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(529)	(1,295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,280	4,280

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,270	4,799
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10	10
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,280	4,809

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
221
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(521)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,280
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,280
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8.1

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.