

ASX ANNOUNCEMENT**31 JULY 2023**

June '23 Quarterly Activities Report and Operational Update

Highlights

- **Continuing work and data analysis with respect to profitability in our bizmoloan operations lead to launch of and focus on two new loan products - Employee Loans and Micro-Business Loans.**
- **With the experience and expertise in the application of artificial intelligence to finance, Neal Cross is now leading Peppermint's technical team in the investigation of the use of Artificial Intelligence (AI) to assist the unbanked and underserved with AI driven lending.**
- **The number of bizmoLoan applications received & loan approvals issued continues to accelerate, building a strong database of loan applicants that will become a growing asset.**
 - **Number of bizmoLoan applications received increased circa 53% quarter-on-quarter**
 - **Number of bizmoLoan approvals increased circa 31% quarter-on-quarter**
 - **Total value of bizmoLoans issued increased circa 24% quarter-on-quarter**
 - **Total bizmoLoan revenues earned increased circa 21% quarter-on-quarter**
- **New technical improvements to bizmoto platform and bizmoLoan functionality to optimise customer experience, with a view to increasing the number of customers transactions.**
- **Completion of work for MASS-SPECC's Pinoy Coop App launch where now:**
 - **Peppermint has successfully completed all back-end integration of bizmoto's EMI financial services**
 - **Legacy appointed third-party technical provider still working to deploy Pinoy Coop App front-end causing delay**
 - **Peppermint in discussions with MASS-SPECC to identify and provide technical solutions to overcome third party front end delay and help deploy Pinoy Coop App as quickly as possible**
- **Continued marketing and promotion of bizmoto platform increased number of bizmoto agents and bizmoGo merchants**
- **Ended June '23 Quarter with \$3.07 million at bank**



PERTH, AUSTRALIA, 31 JULY 2023: Peppermint Innovation Ltd (ASX: PIL) (“Peppermint” or “the Company”) presents its Quarterly Activities Report and Operational Update for the period ended 30 June 2023 and is pleased to provide the following commentary and update to shareholders.

Peppermint’s Managing Director and CEO Chris Kain said: "Peppermint has continued to evolve its loan book operations during the June '23 Quarter which has resulted in a significant increase in the number of bizmoLoan applications received and loans approved.

"Overall, the total amount of loans issued increased circa 24% quarter on quarter, resulting in a circa 21% increase in the total revenues earned from bizmoLoans during the same period.

"We have also just launched two new loan products - Employee Loans and Micro-Business Loans - that are targeted at customers with proven employment history and Sari Sari owners.

"We will be launching specific marketing campaigns during the September Quarters targeting more than 1 million Sari Sari owners, who we know are a profitable target market.

"Our new, in-house bizmoLoans call centre, which was established during the June Quarter, has already led to significant improvements being made to our credit control and loan processing procedures. So, with our sales and marketing processes now in place, we are ready to rapidly scale our bizmoLoan business.

"Peppermint has been piloting Artificial Intelligence (AI) in various parts of the business as a means to service our unbanked and underserved Filipino customers more efficiently and effectively. The program of work has already assisted the delivery of the new credit score, which has driven a reduction in non-performing loans.

"This strategy is being led by board member Neal Cross, a veteran AI evangelist since 1988, and who today advises global banks across Australia, Middle East and Asia on their data and AI strategies.

"AI is opening up the world of financial services and Peppermint will continue to test and roll out AI practices to drive financial inclusion among our customers. Over the last 6 months we have been laying the rails to become an AI driven business, enabling us to digitally deliver smarter services at scale. We look forward to announcing more details on the program shortly.

"Peppermint continues to pursue strategic M&A opportunities that add value and extract additional revenue, from the Company's established EMI licensed technology platform and loan book operations in the Philippines, which at the same time vertically integrate across current operations to deliver new and diversified revenue streams.

"Peppermint has been extremely frustrated at the delay in deployment of MASS-SPECC's Pinoy Coop App. We have successfully deployed and UAT tested Peppermint bizmoto's EMI financial services platform with MASS SPECC but continue to await a third-party technical provider, responsible for the deployment and front-end of the Pinot Coop App, to deliver a live production environment.

"Peppermint has now started discussions with MASS-SPECC around how the Company can assist in



identifying a front-end App technical solution that will help to deploy the Pinoy Coop App as quickly as possible.

"The economics of the MASS-SPECC partnership are very compelling for Peppermint, with the Company forecast to earn 10c for every completed transaction.

"MASS-SPECC has approximately 1.6 million members, so we are incredibly keen to see the Pinoy Coop App deployed as soon as practically possible.

"We are also in discussions with MASS-SPECC about cross-promoting bizmoto's other products and services such as bizmoLoan and bizmoTinda which has the potential to deliver additional revenues for Peppermint."

JUNE 2023 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

BizmoLoan Operations

Peppermint continued to evolve its loan book operations during the June '23 Quarter, resulting in a circa 53% increase in the number of bizmoLoan applications received and a circa 31% increase in the number of bizmoLoan applications approved during the June '23 Quarter compared with the March '23 Quarter.

Overall, the total amount of bizmoLoans issued increased circa 24% quarter on quarter, resulting in a circa 21% increase in the total revenues earned from bizmoLoans during the same period.

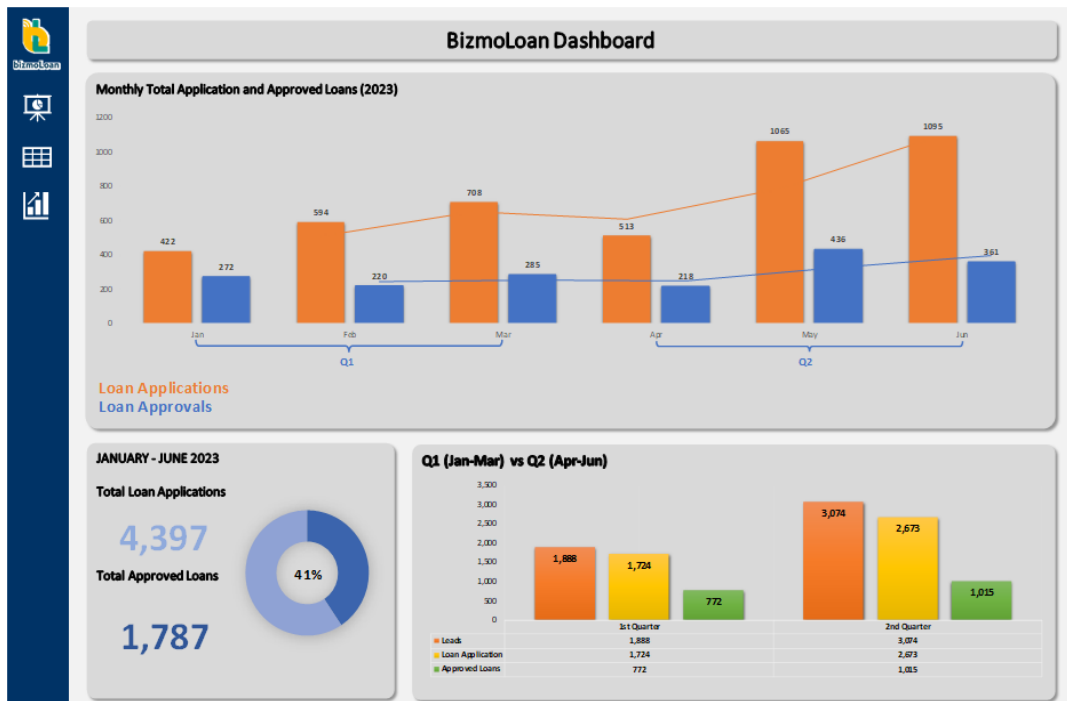


Figure 1: Total number of loan applications received and approved in Q1 '23 to Q2 '23; Total Loan Applications received and Total Approved Loans from January '23 to June '23



Two new loan products - Employee Loans and Micro-Business Loans - have recently been launched. Both loan products are targeted at highly profitable market segments that have demonstrated a strong repayment history (e.g. those with proven employment/supporting pay slips) and Sari Sari store owners.

Specific bizmoLoan marketing campaigns targeting more than 1 million Sari Sari store owners will be rolled out during the September '23 Quarter.

The Company established its in-house call centre during the June '23 Quarter to ensure it provided a more personalised service to its bizmoLoan customers. The call centre has already proved a highly positive move, resulting in better credit control measures being implemented and better loan processing procedures being adopted.



Figure 2: bizmoLoan Call Center. Manila, Philippines

Peppermint has evolved its sales and marketing processes to the point it can now rapidly scale its bizmoLoan business.

Bizmoto - MASS-SPECC Cooperative Development Center ("MASS-SPECC") Partnership

Deployment of MASS-SPECC's Pinoy Coop App - which is linked to Peppermint's bizmoto wallet - have been extremely frustrating for the Company.

Peppermint has undertaken integration of bizmoto's EMI financial services platform with the back-end of the Pinoy Coop APP and successfully completed a full suite of testing.

However, the MASS-SPECC appointed third-party technical provider has not been able to successfully complete deployment of the front-end of the App within its stated timeframe.



The Company has, to date, had zero control around deployment of the Pinoy Coop App.

Peppermint has started discussions with MASS-SPECC around how the Company can assist in identifying a technical solution that will help deploy the Pinoy Coop App as quickly as possible.

The Company is fully committed to the MASS-SPECC partnership based on the potential economics of the project and the opportunity to cross-promote bizmoto's suite of products and services to MASS-SPECC's 1.6 million members.

Visa's FinTech Fast Track Program

Peppermint's ability to issue a virtual VISA debit card¹ is reliant on its VISA approved BIN² sponsor receiving regulatory approval from the Central Bank of the Philippines (BSP), which has taken longer than we were initially advised.

Whilst Peppermint is aiming to launch its virtual VISA debit card as soon as practically possible, it cannot do it until BSP regulatory approval is given to VISA's BIN Sponsor.

¹ Refer to ASX Announcement dated 18 August 2022 titled "Peppermint signs exclusive 5-year agreement with Visa"

² A BIN (banking identification number) sponsor works as an intermediary between VISA and Peppermint allowing bizmoto Visa debit cards to be issued and payments to be processed across Visa's global payment infrastructure network, in compliance with mandatory requirements.

Bizmoto Operations

Peppermint increased its total pool of bizmoto agents by circa 5% (+3,662) during the June '23 Quarter and the number of registered bizmoGo merchants also increased circa 5% (+40) during the same period. The number of funded wallets again increased circa three per cent during the same period.

Several new features and enhancements to the bizmoLoan functionality and bizmoto App were undertaken during the June '23 Quarter to ensure that users' experience with the bizmoto platform is continuously improved.

Some of these new features and enhancements included:

- enablement of the primary wallet direct payment for bizmoLoan;
- integration fees for bizmoLoan;
- improvements to push notifications and the "News and Updates";
- improvements to the 'trusted device' security function;
- implementation of the password checker functionality; and
- implementation of automated reading of SMS OTP (sms one time password).



Corporate

An Appendix 4C detailing expenditure for the June '23 Quarter is accompanying this Quarterly Activities Report and Operational Update.

The Company's focus during this Quarter has been on evolving the loan book operations and continuing to work closely with MASS-SPECC to go live with access to bizmoto's EMI financial services.

Expenditure for the Quarter ended 31 June 2023 included:

- Administration and corporate costs of \$260k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$29k incurred in producing products for sale;
- Advertising and marketing expenditure of \$63k related to marketing the Company and its products and services;
- Remunerations costs of \$353k comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$156k was paid by way of fees and salaries to related parties and \$14k 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:

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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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	35	376
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(29)	(279)
(c) advertising and marketing	(63)	(474)
(d) leased assets	(3)	(15)
(e) staff costs	(353)	(1,210)
(f) administration and corporate costs	(260)	(911)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	17
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)	-	(9)
1.9 Net cash from / (used in) operating activities	(670)	(2,505)
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 (12 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	3,741	5,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(670)	(2,505)
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 (12 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	3,071	3,071

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	3,061	3,731
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)	3,071	3,741

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
170
-

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)	(670)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,071
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,071
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.6

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:

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:

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:

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 July 2023

Authorised by: By the 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.