

ASX ANNOUNCEMENT

31 January 2022

## December Quarterly Activities Report and Operational Update

### Highlights

- Launched 'Phase 1' commercial roll-out of bizmoPay micro-enterprise loans offer
- Received Notice of Eligibility to proceed to Stage 3 of Electronic Money Issuer (EMI) License application
- Placed A\$5million shares at 2 cents each, with strong support from existing and new investors
- Strong cash position ending December '21 with \$6.9M at bank
- Pivoted marketing campaigns for bizmoto and bizmoPay offerings to focus on digital assets due to ongoing lockdowns and travel restrictions in the Philippines caused by COVID-19
- December '21 quarterly cash receipts of \$469,000
- Signed cash-in, fund transfers and payments agreement with Dragonpay, one of the Philippines' largest and most reliable online gateway platforms
- Progressed integration of BPI, Cebuana Lhuillier and ECPay "cash-in" offerings with bizmoto platform - with all three expected to go 'live' in Q1 '22
- Continued integration of bizmoto platform with GCash as a payments' facilitator with 'go live' forecast for Q2 '22.

**PERTH, AUSTRALIA, 31 JANUARY 2022:** Peppermint Innovation Ltd (ASX: PIL) (“Peppermint” or “the Company”) presents its Quarterly Activities Report and Operational Update for the period ended 31 December 2021 and is pleased to provide the following commentary and update to shareholders.

**Peppermint’s Managing Director and CEO Chris Kain said:** "Peppermint delivered several significant achievements during the December '21 quarter, executing the Phase 1 commercial roll-out of our bizmoPay micro-enterprise loans offering and securing a significant cash-in, fund transfers and payments agreement with Dragonpay, which is one of the Philippines' largest and most reliable online payment gateway platforms.

"We also closed out a highly successful \$A5 million placement, which was supported by both existing and new investors, and we received formal notification that the Company was eligible to proceed to Stage 3 of our Electronic Money Issuer (EMI) application.

"All of this was achieved during a period when much of the national capital region of the Philippines and nearby provinces remained under various levels of community quarantine restrictions imposed by the Filipino Government to deal with the COVID-19 pandemic. With the pandemic and Omicron



situation now in the Philippines it has taken extra time to get things processed as there is no face to face contact, with skeletal staff present in Government agencies such as the SEC.

"Many Filipinos remained indoors, adhering to community lockdowns and movement restrictions while others simply did not have money to spend due to their 'no work/no pay' employment conditions.

"Against this backdrop, the Company achieved cash receipts of \$469,000, which was \$3,000 less than its September quarterly result, which was an 83% increase on its June '21 quarterly figure.

"In our opinion, this is a terrific achievement for the Company given the current health and economic impacts caused by the COVID-19 pandemic throughout the Philippines.

"We are hopeful the Filipino Government's economic stimulus packages along with its target to vaccinate 70% of the 100 million population by the end of 2022 will present favourable conditions this year for stronger growth across our bizmoto eco-system.

"We are also very excited to advance to Stage 3 of our EMI licence application process. We have lodged all our required documentation and on 24 January we delivered an in-depth system demonstration to the Bangko Sentral Ng Pilipinas (BSP) who are assessing our licence application.

"An EMI licence will deliver significant value to the Company as it provides an opportunity to facilitate any e-money transaction and service open-loop e-wallet accounts, providing all Filipinos - not just bizmoto agents - with a convenient and secure way to receive digital money and access digital services.

"We're also looking forward to our various cash-in, fund transfer and payments agreements going live in the first half of 2022 with the Bank of Philippines (BPI), Cebuana Lhuillier, Dragonpay, ECPay and GCash.

"These deals are all about making it simple for our bizmoto agents, merchants and bizmoGo riders to use our bizmoto platform, as well as connecting our expanding bizmoto network to a much wider audience throughout the Philippines.

"Overall, the Company is well funded to continue along our exciting growth trajectory, consider new opportunities that may present and satisfy all associated working capital requirements."

## DECEMBER 2021 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

### **BizmoPay**

In November 2021, Peppermint launched 'Phase 1' of its commercial roll-out of its bizmoPay micro-enterprise loan offering. The milestone came shortly after the Company successfully completed a three-month pilot program that was focused on a seamless integration of its bizmoPay program with the bizmoto mobile App.

A comprehensive marketing campaign to promote the benefits of bizmoPay's micro-enterprise loan offering was developed to target Peppermint's 56,000 plus registered agents. However, many of the



public marketing initiatives proposed for November and December '21 had to be delayed due to ongoing community lockdowns and movement restrictions throughout the Philippines.

The impact of these COVID-19 related delays has added approximately two months onto the Company's forecast timelines.

The Company had to pivot many of its marketing initiatives towards online and digital assets, producing a range of video and social media content pitched at attracting new customers to the bizmoPay offering. It also focused more on telemarketing rather than physical events to connect with the bizmoto agent base and bizmoto ecosystem participants.

Meanwhile, feedback obtained from the pilot program led to more tailored loan products being offered.

### **Electronic Money Issuer ("EMI") Licence**

Peppermint has progressed its regulatory application process for an EMI licence to Stage 3.

All required documentation for Stage 3 has been submitted and on January 24 the Company delivered an in-depth system demonstration to the Bangko Sentral Ng Pilipinas (BSP) who are assessing Peppermint's EMI licence application.

An EMI licence provides the opportunity to facilitate any e-money transaction and service open-loop e-wallet accounts - providing all Filipino's, not just bizmoto agents, with a convenient and secure way to receive digital money and services such as interbank payments, transfers and remittance.

### **A\$5M placement**

The Company successfully raised A\$5 million from existing and new investors during the latter half of the December '21 quarter. The placement was at A\$0.02 per share with one attaching option - exercisable at A\$.030 on or before 30 June 2023 - for every three shares held.

Funds from the placement will be used to satisfy the capital requirement of Peppermint's Stage 3 EMI licence application, the commercial roll-out of its bizmoPay loan service and ongoing working capital.

### **bizmoto cash-in technical integration with the Bank of Philippines (BPI), Cebuana Lhuillier and ECPay**

The technical scoping and integration work required to enable digital and physical cash-in options for bizmoto agents within the bizmoto platform with BPI, Cebuana Lhuillier and ECPay continued during the December 2021 quarter and remains on track to go 'live' in late Q1 2022.

### **bizmoto integration with GCash payments facilitator**

The integration of the bizmoto platform with GCash as a payments' facilitator continued during the December 2021 quarter and is forecast to be launched in Q2 2022. Once the GCash offer is live, bizmoto agents, riders and merchants will have exposure to approximately 46 million registered GCash users throughout the Philippines.

### **Cash-In, fund transfer and payments agreement with Dragonpay**

A cash-in, fund transfers and payments agreements was signed with Dragonpay, one of the



Philippines' largest and most reliable online payment gateway platforms.

The agreement provides bizmoto agents with a one-stop payment gateway connecting the expanding bizmoto network and ecosystem of services to a significant variety of online and over the counter cash-in and payment channels throughout the Philippines.

Peppermint's engagement with Dragonpay will allow the bizmoto platform to become a merchant within the Dragonpay platform and, consequently, provides immediate access to its massive network of banks, EMI-wallet providers and remittance/payment centres to undertake cash-in, fund transfers and payments. Essentially, Dragonpay is an aggregator of cash-in, fund transfers and payments services and will be a major enabler for bizmoto agents, riders and merchants to conduct transactions.

The Dragonpay agreement will immediately connect bizmoto to a raft of major commercial banks such as BDO, Metrobank, Unionbank, UCPB, Landbank, Bank of the Philippines, RCBC, Eastwest, AUB, Chinabank and Robinsons Bank - a task that would have taken significant time and resources to achieve individually.

Furthermore, the Dragonpay partnership connects bizmoto to the established e-wallets of Paymaya, GrabPay, Coins.ph and CASHU, and over-the-counter pawnshops, remittance and payments centres such as Cebuana Luillhier, LBC, Bayad Center, ECPay, RD pawnshop, MLhuillier, Palawan Pawnshop, Villarica, PeraHUB, SM bills Pay, SM Savemore, Robinsons Supermarket, and PNB Global Remit.

Under the agreement with Dragonpay, bizmoto agents, merchants and bizmoGo riders will also now be able to receive payments from any customer using Dragonpay, thereby significantly expanding the digital payment options for bizmoto customers.

Development work with Dragonpay will begin this month and is expected to 'go-live' in Q2 2022.

### **bizmoto operations**

The ongoing community quarantine restriction measures which remained in place during the December '21 quarter across the National Capital Region and nearby provinces continued to impact consumer spending, despite many businesses reopening from lockdowns.

Despite the impacts caused by COVID-19 restrictions, the Company did increase its number of registered agents to 56,825 during the December Quarter, while its number of bizmoGo riders (672) and Merchants (748) remained static.

### **BancNet Customer Summary**

Peppermint continued its commercial works program with several private banking clients including the Bank of Florida, Banko Mabuhay, Rang-Ay Bank, Isla Bank (A Thrift Bank), Inc and Citystate Savings Bank, as well as continuously working with the Bank of Florida to complete their onboarding process as a Mobile Banking Solution (MBS) user.



### **Corporate**

An Appendix 4C detailing expenditure for the December 2021 Quarter is accompanying this Quarterly Activities Report and Operational Update.

Payments to related parties totalling \$269,000 were paid during the December Quarter for directors' fees, executive remuneration and pension / superannuation benefits.

Expenditure from 1 October 2021 to 31 December 2021 is consistent with the use of funds detailed in its prospectus of 29 January 2021 and is detailed below:

<b>Use of Proceeds under Prospectus</b>	<b>('000,000s)</b>	
	<b>Funds allocated under Prospectus dated 29/01/2021</b>	<b>Funds expended between 01/01/2021 and 31/12/2021</b>
Bizmoto Platform roll out and working capital	901	2,030
Bizmoto Platform sales and marketing campaign	450	343
Bank deposit required to underwrite services offered on the Platform	350	337
bizmoPay Loan Book	600	16
Costs of the offer and subsequent placement	199	561
<b>Total</b>	<b>2,500</b>	<b>3,287</b>
Funds received from the exercise of options		(2,065)
<b>Net funds (generated) between 1 January and 31 December 2021</b>		<b>1,222</b>

<b>Cash at 1 January 2021</b>	<b>253</b>
Net funds generated between 1 January 2021 and 31 December 2021	(1,222)
Release of restricted cash	344
Funds received from placement of shares	7,549
<b>Cash at 31 December 2021</b>	<b>6,924</b>

### **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")**

31 December 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	469	941
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(426)	(842)
(c) advertising and marketing	(101)	(128)
(d) leased assets	-	-
(e) staff costs	(406)	(736)
(f) administration and corporate costs	(218)	(647)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	1	(15)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(681)</b>	<b>(1,428)</b>
<b>2. Cash flows from investing activities</b>		
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) – release of restricted cash	-	344
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>344</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,049	5,049
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	200	200
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(349)	(349)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,900</b>	<b>4,900</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,705	3,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(681)	(1,428)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	344



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,900	4,900
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,924</b>	<b>6,924</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	6,914	2,695
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10	10
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,924</b>	<b>2,705</b>

**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

<b>Current quarter \$A'000</b>
269
-

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.*

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

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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(680)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,876
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,876
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>10.1</b>

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 January 2022.....

Authorised 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.