

**ASX ANNOUNCEMENT****28 JULY 2022**

## June '22 Quarterly Activities Report and Operational Update

### Highlights

- **Electronic Money Issuer ("EMI") licence granted by the Central Bank of the Philippines in one of the biggest regulatory milestones ever achieved by the Company**
- **EMI licence allows e-wallet services to be delivered via the bizmoto mobile App to any Filipino - not just bizmoto agents**
- **EMI licence significantly expands opportunity to reach micro-entrepreneurs and provide digital payments for their businesses, as well as helping facilitate strategic partnerships with global leaders in digital payments**
- **bizmoto user platform technically refined to allow third parties to empower InstaPay and PesoNet settlement functionality which are required to cater for planned EMI pilot program**
- **Financial education platform being developed to improve financial literacy and wellbeing of bizmoto agents and local Filipino community**
- **Went 'live' with the Bank of Philippines ("BPI") "cash-in" offering via the bizmoto platform**
- **Integration of "cash-in" offering with Cebuana Lhuillier and ECPay expected to go 'live' soon**
- **bizmoto App adopted fully automated Know-Your-Customer and facial recognition software**
- **A strong 102% growth in total bizmoPay loans approved during June Quarter**
- **Online loan application process being refined to facilitate continued bizmoPay growth**
- **Continued delivering targeted digital and physical marketing campaigns for new products and new agents throughout the Philippines, resulting in a five per cent increase in the total number of registered bizmoto agents**
- **Removed all convertible note debt from the Company balance sheet**
- **Ended June '22 Quarter with \$5.5 million at bank**



**PERTH, AUSTRALIA, 29 JUNE 2022:** Peppermint Innovation Ltd (ASX: PIL) (“Peppermint” or “the Company”) presents its Quarterly Activities Report and Operational Update for the period ended 30 June 2022 and is pleased to provide the following commentary and update to shareholders.

**Peppermint’s Managing Director and CEO Chris Kain said:**

"The granting of an Electronic Money Issuer ("EMI") licence to Peppermint's 100% owned subsidiary, Peppermint Bizmoto Inc, is one of the biggest regulatory milestones ever achieved by the Company.

"It will provide a huge leap forward for our bizmoto platform and the value that we can add to our customers and partners as we strive to address financial inclusion throughout the Philippines.

"As I've mentioned previously - but is important to emphasise again - an EMI licence significantly expands Peppermint's opportunity to reach micro-entrepreneurs and provide digital payments for their businesses, as well as helping to facilitate strategic partnerships with global leaders in digital payments.

"Since being granted our EMI licence in early May our operations team in the Philippines have been working hard with third parties to establish, develop, integrate and open all of the essential bank accounts and settlement functionality that allow us to execute our EMI operations.

"This week we have signed a BaaS Licence Agreement with local provider NetBank to empower InstaPay and PesoNet settlement functionality across our bizmoto wallet, which is a pre-requisite requirement to cater for our planned EMI pilot program.

" InstaPay is a real time low value Electric Fund Transfer credit push scheme for transaction amounts up to PHP50,000 in the Philippines supervised by the Central Bank of the Philippines. While PesoNet is a non-time sensitive fund transfer service under the National Retail Payment System of the Central Bank of the Philippines which allows users to transfer PHP funds to accounts in banks and non-banks in the Philippines.

"Technical development and testing to integrate this functionality has been ongoing in the background. Now that a licence agreement has been reasonably negotiated, we are ready to 'go-live' with this functionality within the next two weeks NetBank dependent.

"With these final requirements all but completed this week, we expect to launch our EMI pilot program this quarter, provided that our chosen communities and program partners are able to meet an agreed timeline.

"I'm also looking forward to launching our new financial education App - to be called bizKarte - in the next month. Roughly translated bizKatre means "Your Strategy" as we took the Karte from Diskarte which is a tagalog word for strategy.

"The standalone App aims to help improve the financial understanding and wellbeing of both agents and the wider Filipino community by delivering learning content across several areas including savings, loans, investments, household bill management: budgeting and small business management.



"Peppermint's vision has been to strive for financial inclusion throughout the Philippines and ensuring that community members are financially literate not only improves their lives, but it also generates greater engagement and uptake of bizmoto products and services.

"And finally, the Company is also in discussions with a global digital payments provider with respect to a strategic partnership and I look forward to providing further updates to our shareholders and the market in relation to these negotiations shortly.

"In my opinion, the Company has never been in better shape with a healthy cash balance to progress our bizmoto operations and to leverage the significant partnerships that are lining up to maximise our EMI licence.

"I want to reassure all of our shareholders that the Company is working diligently to capitalise on the opportunities that our bizmoto ecosystem is presenting throughout the Philippines.

"I'd also remind shareholders that Peppermint Innovation has a commercially proven, deployed and growing mobile-App based ecosystem in the Philippines, underpinned by a Finance Licence and now an EMI Licence.

"It's also worth noting there is an estimated US\$920 billion+ in annual payment value across the four key Filipino markets sectors the company is focussed on - food delivery and ride share, e-commerce and online, consumer finance and payments - and bizmoto is uniquely placed to penetrate all of these sectors with its established ecosystem of services."

## JUNE 2022 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

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

In early May 2022, Peppermint's 100 per cent owned Filipino subsidiary - Peppermint Bizmoto Incorporated - was granted a licence to operate as an Electronic Money Issuer ("EMI") by the *Bangko Sentral ng Pilipinas* (Central Bank of the Philippines).

In essence, the EMI licence authorises Peppermint Bizmoto to deliver e-wallet services through its bizmoto Mobile App, allowing any Filipino person to use the bizmoto platform to receive digital money and access digital services.

The accreditation allows Peppermint and bizmoto users to join the almost 39 million Filipinos that are transacting digitally, following bizmoto's integration with fund transfer services such as InstaPay and PESONet and with non-banking institutions for cash-in and cash-out services.

The EMI licence will significantly extend Peppermint Bizmoto's opportunity to reach micro-entrepreneurs and provide digital payments for their businesses. They can also apply for bizmoPay loans, as well as purchasing bizmoProtect micro-insurance policies and future bizmoto platform products and services.

From a Company perspective, the issuance of an EMI licence for Peppermint Bizmoto will, ultimately, deliver significant value to the Company and to the communities that Peppermint operates in.



Peppermint is committed to providing digital financial inclusion by providing access to services that benefit the unserved and underserved population and contribute to the continued increase of digital money adoption throughout the Philippines.

### **BizmoPay Operations**

Peppermint's bizmoPay micro-enterprise loan offering recorded a strong increase in the number of loans approved during the June 2022 quarter - rising from 388 to 784 a 102% increase. This positive trend was particularly encouraging given the loan approval process had been 'tightened' considerably.



Further streamlining of the approvals process in mid-August is expected to vastly improve the borrower experience, as well as provide a positive flow-on effect to other services within the mobile App.

It is expected fewer resources will be required during the micro-enterprise loan approvals process, freeing up those staff to focus on sales and marketing initiatives.

### **Bizmoto Operations**

The bizmoto operations achieved several significant milestones during the June '22 Quarter.

A targeted marketing campaign saw the number of registered bizmoto agents grow in the June quarter to a total of 63,337 agents while the total number of bizmoto App downloads continued to rise, up 11% to a total of 4048 downloads for the June Quarter. The number of registered merchants remained at 748 while the number of registered BizmoGo riders also remained steady at 672.

The Company achieved several other significant milestones across its bizmoto operations during the June '22 Quarter, including:

- Went 'live' with the Bank of Philippines ("BPI") "cash-in" offering via the bizmoto platform which has led to Peppermint pursuing additional engagement with BPI to provide extra features such as 'cash-out for bizmoto';



- Adopted fully automated "Know-Your-Customer (e-KYC) and facial recognition software which is an important tool and positive security measure to underpin Peppermint Bizmoto operating as an Electronic Money Issuer and E-Money wallet provider;
- Integrated with DITO Telecommunity, allowing bizmoto agents to easily access DITO e-products and eLoad. (DITO is the Philippines' third largest telecommunications company with more than nine million subscribers as of May '22 and is expected to grow to 12 million subscribers by the end of '22, giving bizmoto the opportunity to capture the DITO sim-based community); and -
- Continued the technical integration of Cebuana Lhuillier and ECPay's "cash-in" offering across the bizmoto platform, which are both expected to go 'live' soon.

### **bizKarte**

To strengthen the bizmoto offering, Peppermint is progressing the development of a financial education App - to be called *bizKarte* - that aims to help improve the financial understanding and wellbeing of both agents and the wider Filipino community.

The standalone App will deliver learning content across several areas including (i) Savings, (ii) Investments, (iii) Household bill management; (iv) Budgeting; and (v) Small business management and is aimed at attracting new consumer-focussed clients to the bizmoto ecosystem.

Ensuring that community members are financially literate not only improves their lives, but it also generates greater engagement and uptake of bizmoto products and services.

bizKarte is expected to be launched within the next month.

### **BancNet Customer Summary**

Peppermint is working closely with several BancNet customers to implement our 'white label' Mobile Banking Solution (MBS) services.

The Company will be able to finalise the implementation of these MBS services once BancNet has successfully adopted to the new messaging service certification standard ISO20022, which is a compliance requirement of MasterCard who own Vocalink which provides BancNet their core banking platform.

The Company is now at varying stages of commercial negotiations with at least five other banks around the implementation of Peppermint's MBS services. It is currently assisting these banks to assess their technical requirements to join the BancNet server in order to successfully onboard Peppermint's MBS services.

### **Corporate**

An Appendix 4C detailing expenditure for the June 2022 Quarter is accompanying this Quarterly Activities Report and Operational Update.



The Company's focus has been the development and commercialisation of its bizmoto platform. Expenditure for the Quarter ended 30 June 2022 included:

- Product manufacturing and operating expenditure of \$220k incurred in producing products for sale;
- Advertising and marketing expenditure of \$131k related to marketing the Company and its products and services;
- Remunerations costs of \$575k comprising the costs of all staff employed by the Company and directors' remuneration. Of this \$314k was paid by way of fees and salaries to related parties and \$31k was paid by way of superannuation to related parties; and
- Administration and corporate costs of \$91k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.

**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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Peppermint Innovation Limited  
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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 2022

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 176                                | 1,317   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | -                                  | -   |
| (b) product manufacturing and operating costs             | (220)                              | (1,266)   |
| (c) advertising and marketing                             | (131)                              | (474)   |
| (d) leased assets   | (3)                                | (3)   |
| (e) staff costs   | (575)                              | (1,621)   |
| (f) administration and corporate costs                    | (91)                               | (970)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | -                                  | 1   |
| 1.5 Interest and other costs of finance paid              | (1)                                | (1)   |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | -                                  | -   |
| 1.8 Other (provide details if material)                   | -                                  | (20)  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(845)</b>                       | <b>(3,037)</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<br>\$A'000 | Year to date<br>(12 months)<br>\$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        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -          | -            |
| 3.3         | Proceeds from exercise of options   | 301        | 501          |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -          | (349)        |
| 3.5         | Proceeds from borrowings  | -          | -            |
| 3.6         | Repayment of borrowings   | (37)       | (37)         |
| 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>264</b> | <b>5,164</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                             | 6,156 | 3,108   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (845) | (3,037) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | -     | 344     |



| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 264                                | 5,164   |
| 4.5   | Effect of movement in exchange rates on cash held                | -                                  | (4)   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>5,575</b>                       | <b>5,575</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 5,565                              | 6,146                               |
| 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>5,575</b>                       | <b>6,156</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<br/>\$A'000</b> |
|------------------------------------|
| 344                                |
| -                                  |

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<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$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)                     | (845)          |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 5,575          |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 5,575          |
| <b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | <b>6.6</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: 28 July 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.