

ASX ANNOUNCEMENT

28 April 2023

## March '23 Quarterly Activities Report and Operational Update

### Highlights

- Significant improvements made to bizmoLoan operations achieved more efficient lead generation, loan origination and approval processes
  - Total bizmoLoan income increased circa 33% quarter-on-quarter
  - Number of bizmoLoan applications increased circa 25% quarter-on-quarter
- Number of issued bizmoLoans increased circa 5% quarter-on-quarter
- MASS-SPECC undertaking closed-loop testing of bizmoto's Electronic Money Issuer ("EMI") financial services platform via Pinoy Coop e-wallet, aiming for commercial launch in May
  - Integration of bizmoto's EMI platform services into MASS-SPECC's e-wallet is being undertaken by MASS-SPECC's legacy appointed third-party technical provider
  - Peppermint worked closely with MASS-SPECC's appointed legacy third-party technical provider and has undertaken all required work tasks within our control to facilitate a commercial launch as soon as possible
  - Peppermint is aiming to onboard circa 480,000 of MASS-SPECC's 1.6 million individual members in the first 12 months of full commercial operation
- Ongoing discussions held with VISA with the aim of providing virtual VISA card for bizmoto users and physical VISA cards linked to BancNet during H2 '23
- Continued marketing and promotion of bizmoto platform increased numbers of bizmoto agents, merchants and bizmoGo riders
- Ended March '23 Quarter with \$3.74 million at bank

**PERTH, AUSTRALIA, 28 APRIL 2023:** Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Activities Report and Operational Update for the period ended 31 March 2023 and is pleased to provide the following commentary and update to shareholders.



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](mailto:info@pepltd.com.au) | [www.pepltd.com.au](http://www.pepltd.com.au)

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

"Peppermint has been working hard during the March '23 Quarterly period on several fronts: refining our bizmoLoan operations to be a more sustainable, high margin business; progressing plans to introduce a virtual VISA pre-paid card and physical VISA pre-paid card for bizmoto users; working with MASS-SPECC to go 'live' with access to our bizmoto EMI financial services platform and negotiating with various partners to expand our bizmoto digital community.

"We have made significant improvements to our bizmoLoan operations that are already delivering more targeted lead generation and faster processing of loan applications, as well as offering higher value loan products at more favourable, yet competitive terms to the Company.

"This has contributed to some pleasing results for the March '23 Quarter, with the total number of bizmoLoan applications up by 25% on the December '22 quarter, the number of issued bizmoLoans increasing up by 5% during the same period and, importantly, the total bizmoLoan income increasing up by 33% for the March '23 period.

"And to further enhance our customer experience, the Company has established its own call centre that will streamline communications and provide a more personalised service to bizmoLoan customers.

"The improvements in our bizmoLoan operations clearly demonstrates the Company's commitment to providing exceptional service to one of our future key revenue-generating streams that we believe will facilitate strong growth for the Company and its customers.

"Peppermint has also been working closely this Quarter with MASS-SPECC and VISA to progress our respective agreements, following the award of our Electronic Money Issuer (EMI) license in May 2022.

"Earlier this week, MASS-SPECC kicked off closed loop 'live production testing' of bizmoto's Stage 1 EMI financial services via its Pinoy Coop e-wallet. The live trial is being rolled out to a select number of MASS-SPECC staff in two cooperatives to assess the inter-cooperative transactions of their App.

"The live trial will monitor any issues within the system and determine if the production environment is operating efficiently. When satisfied, MASS-SPECC will register all their employees to participate in the live trial.

"MASS-SPECC is aiming to initiate a full commercial launch of their Pinoy Coop App in May.

"We have been working closely with MASS-SPECC's appointed legacy technical third-party provider and completed every integration task in a timely manner, however, we have absolutely no control over the work delivery timeframe of MASS-SPECC's appointed legacy technical third-party provider and subsequent commercial launch. We are simply doing everything required of us, and offering all and any assistance that we can to ensure an expedited program launch.

"Peppermint has also been in ongoing discussions with VISA and our BIN sponsor about launching a virtual VISA card for bizmoto users and a physical VISA card during the second half of 2023. The Company's plan to launch its virtual VISA card has been delayed until Q2 '23 because the Visa



approved BIN sponsor needs to satisfy additional regulatory and compliance questions raised by the BSP. The timeframe for introducing Peppermint's virtual VISA card is reliant on this BIN sponsor.

"Peppermint has been working hard to refocus its business to a more sustainable, high-margin revenue business that provides greater growth opportunities in a global mobile-money sector that is expanding rapidly.

"A 2023 State of the Industry Report on Mobile Money<sup>1</sup> highlights that in just over 17 years, the mobile money industry has grown from a niche market offering to a mainstream financial service, transforming the lives of over 1 billion people.

"The report showed registered mobile money accounts grew by 13% year on year, from 1.4 billion in 2021 to 1.6 billion in 2022 while transaction values grew by 22% in the same period, from \$1 trillion to around \$1.26 trillion.

"Furthermore, global daily transaction values are far exceeding predictions, with \$3.45 billion being transacted daily via mobile money in 2022 compared to an initial forecast of \$3 billion a day.

"Peppermint is a mobile-based non-bank lender and electronic wallet provider and we will actively work to improve and build on our mobile money, non-bank lending opportunities, which also include potential M&A opportunities that are presented to the Company."

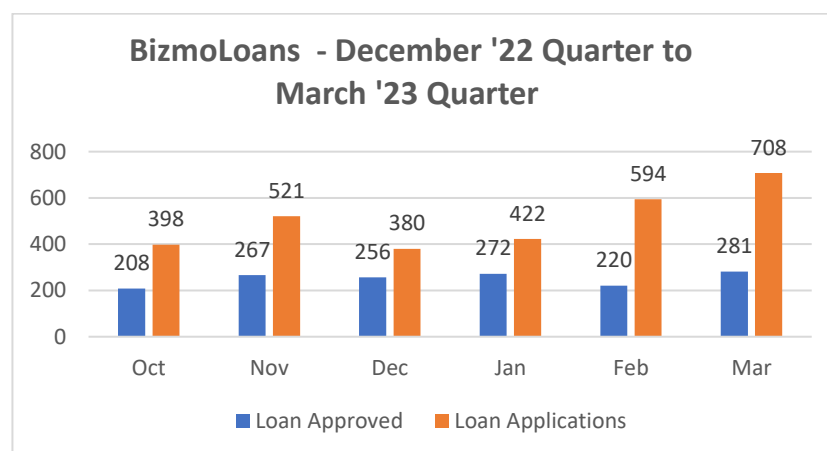
<sup>1</sup> <http://www.gsma.com/sotir>

## MARCH 2023 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

### **BizmoLoan Operations**

Peppermint delivered significant improvements to its bizmoLoan operations during the March '23 Quarter that achieved more efficient lead generation, loan origination and approval processes.

The total number of bizmoLoan applications received in the March '23 Quarter increased circa 25% with the total number of approved loans up circa 5%, leading to an overall increase of circa 33% in revenues earned from bizmoLoans from the December '22 Quarter to the March '23 Quarter.



**Figure 1:** Total number of loan applications received and approved from Q4 '22 to Q1 '23



The enhanced bizmoLoans operations resulted in frictionless lead capture and efficient data gathering. The integrity of the data received also improved, enabling bizmoLoan to nurture applicants and more effectively cross-sell to other bizmoto services. This ensures the resulting database is becoming an increasingly valuable asset that can be leveraged to further maximise customer lifetime value.

The loan product portfolio has been significantly revised to allow for higher value loans at more favourable, yet competitive, terms to the Company. These higher value loans are now being offered to borrowers based on previous borrowing history with bizmoLoan and overall credit worthiness.

BizmoLoan has developed and is now testing of a new credit scoring application that is scheduled to be rolled out next quarter. The new credit scoring application will provide a comprehensive view of a potential borrower's creditworthiness, allowing bizmoLoan to make more informed lending decisions. Early testing is demonstrating a reduction of 14% in non-performing loans.

The Company has also established its own call centre to cope with the higher loan volumes and to further enhance the customer experience. This has reduced the cost of lending operations and improved overall customer experience. The new call centre will allow bizmoLoan to provide more personalised service to its customers and streamline community channels. It is expected to be fully operational next quarter with the forecast of significantly higher loan processing volumes.

#### **MASS-SPECC Cooperative Development Center ("MASS-SPECC")**

MASS-SPECC has relied upon a legacy appointed third-party technical provider to integrate bizmoto's EMI financial services platform into MASS-SPECC's Pinoy Coop e-wallet. The third-party provider has taken longer than initially forecast to finalise the stage 1 integration of bizmoto's EMI financial services platform and complete all necessary testing, prior to commercial launch which is now scheduled in May '23.

Peppermint has worked in close collaboration with MASS-SPECC and their third-party technical provider to deliver and completed every technical integration task within our control in a timely manner.

As announced on 19 October 2022, Peppermint signed a five-year exclusive agreement with MASS-SPECC, the Philippines' largest regional cooperative foundation, for its 1.6 million members to use bizmoto's EMI financial services platform.<sup>1</sup>

Under the agreement, MASS-SPECC users will be able 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.

Peppermint is aiming to onboard circa 480,000 MASS-SPECC members in the first 12 months of full commercial operation and further growth is forecast in the second and subsequent years, creating a



significant opportunity to provide all new co-op members with the ability to access bizmoto's EMI financial services.

Peppermint and MASS-SPECC are looking to promote co-op products and services through the bizmoto digital community which aims to build a network under the bizmoTinda and bizmoGo digital services.

<sup>1</sup> 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"

### **Visa's FinTech Fast Track Program**

Peppermint has been in ongoing discussions with VISA and it's approved BIN sponsor about launching a virtual VISA card for bizmoto users in Q1 '23 and a physical VISA card during the second half of 2023.

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

A virtual VISA card will allow bizmoto users to make online purchases and payments while a physical VISA card linked to BancNet will allow bizmoto users to 'cash out' or withdraw cash via automatic teller machines ("ATMs").

Peppermint's forecast timeframe for introducing a virtual VISA card for bizmoto users has been delayed from Q1 '23 to H2 '23 because the BIN sponsor has outstanding regulatory and compliance questions and requirements raised by the BSP that are being addressed.

The timeframe for introducing a virtual VISA card and a physical VISA card is reliant on the readiness of this Visa approved BIN sponsor.

Peppermint's ability to issue Visa debit cards comes after the Company signed an exclusive five-year agreement with Visa last August<sup>2</sup>.

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

### **Bizmoto Operations**

Peppermint increased its total pool of bizmoto agents circa 3% (+2,070) in the March '23 Quarter. The number of registered bizmoGo merchants also increased circa 4% (+28). The number of funded wallets increased circa three per cent during the March '23 Quarter.

Cebuana Lhuillier's 'cash-in' offering went live across the bizmoto platform early in the March Quarter.

Peppermint has also been liaising with Bayad Centre to migrate three bills payment partners across to its new API 3.0 payment platform while a fourth bills payment partner is pending integration.

Several bizmoto features aimed at encouraging users to 'top-up' their wallet and use their primary wallet to pay their loans were also completed, while additional security add-ons and mechanisms were implemented.



### **BancNet Customer Summary**

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

Peppermint completed 'migration to ISO 2022' for a banking client in early 2023, which is a critical requirement of BancNet allowing for mobile banking customers to use InstaPay and PesoNet intra-bank fund transfers.

The Company also completed a Quick Response Philippines ("QR Ph") Person to Person ("P2P") payments project for Partner Rural Bank (PRB), incorporating it into the bank's mobile app version Android 1.3. This means the bank account holder can receive and send payments to another account holder from the same bank using a QR Ph code generated by the bank's mobile app. PRB is now testing the P2P feature.

Peppermint is also working with PRB to develop a QR Ph Person to Merchant ("P2M") offering, which will enable PRB customers to make digital payments from their bank accounts to external merchants.

The Company continues to undertake commercial negotiations with other banks around the implementation of various MBS services.

### **Bizmoto Digital Community**

Peppermint held discussions with senior representatives of the USAID SPEED (Strengthening Private Enterprises for the Digital Economy) program around the Company's Bizmoto Digital Community Plan.

The USAID SPEED program supports the USA Government's goal to help the Philippines develop a robust, secure and resilient digital economy as a key to drive post-pandemic recovery and long-term economic growth for the country.

Peppermint is seeking further dialogue with the USAID SPEED program and its implementing agency, Chemonics, with a view to presenting its bizmoto platform to other potential individual and micro-entrepreneurs.

Peppermint is also working with potential partners with ongoing projects such as BSP Paleng-QR, which aims to provide QR code to wet market vendors to facilitate cashless payment transactions.

### **Corporate**

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

The Company's focus this Quarter has been on making significant improvements to the bizmoLoan product, working closely with our MASS-SPECC partners to go live with access to bizmoto's EMI financial services and improving our users' experiences of the bizmoto platform to increase the number of transactions.



Expenditure for the Quarter ended 31 March 2023 included:

- Administration and corporate costs of \$180k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$76k incurred in producing products for sale;
- Advertising and marketing expenditure of \$115k related to marketing the Company and its products and services;
- Remunerations costs of \$301k comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$159k was paid by way of fees and salaries to related parties and \$15k 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](mailto: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 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	134	341
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(76)	(250)
(c) advertising and marketing	(115)	(411)
(d) leased assets	(3)	(12)
(e) staff costs	(301)	(856)
(f) administration and corporate costs	(180)	(651)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	14
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)	(1)	(9)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(539)</b>	<b>(1,834)</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 (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</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	4,280	5,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(539)	(1,834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
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>3,741</b>	<b>3,741</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	3,731	4,270
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>3,741</b>	<b>4,280</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>
174
-

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)	-	-
7.4 <b>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)	(539)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,741
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,741
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	6.9

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 April 2023

Authorised by: By the Board  
(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. Quarterly Cash Flow