

ASX ANNOUNCEMENT

31 OCTOBER 2023

## September '23 Quarterly Activities Report and Operational Update

### Highlights

- **Peppermint Bizmoto Inc. ("PBI") issued with Certificate of Registration ("COR") as an Operator of Payment Systems ("OPS") by the Bangko Sentral ng Pilipinas ("BSP")**
  - Certification allows PBI to be listed among the BSP's 'approved and supervised' Operator Payment Systems throughout the Philippines, providing a safe, efficient and reliable payment and settlement system for its Bizmoto users
- **PBI issued with Certificate of Eligibility ("COE") by the BSP for direct membership with the Philippines Payments Management Inc. ("PPMI")**
  - Certification allow PBI to join PPMI in the PESONet and InstaPay Automated Clearing Houses ("ACH") as a Sending and Receiving Participant under the National Retail Payment System ("NRPS") of the Philippines.
- **Peppermint signed 5-year strategic partnership agreement to provide MASS-SPECC's Pinoy Coop Mobile App**
  - Agreement will see Peppermint deliver end-to-end services for MASS-SPECC's Pinoy Coop App, via white-labelling the Company's Electronic Money Issuer ("EMI") wallet and mobile application banking & financial services technology platform
- **Peppermint extends contract with major Philippines' leading health management organisation, Cooperative Health Management Federation ("CHMF")**
  - Contract extension will allow Peppermint to make greater use of its EMI licence to offer services to CHMF's loyal 58,000 customers and more than 820 health providers across 185 Co-operatives
- **bizmoloan revenues increased;**
  - Number of bizmoLoan applications received increased circa 106% quarter-on-quarter
  - Number of bizmoLoan approvals reduced circa 40% quarter-on-quarter
  - Total value of bizmoLoans issued reduced circa 7.25 % quarter-on-quarter
  - Total bizmoLoan revenues earned increased circa 178% quarter-on-quarter
- **Continued marketing and promotion of bizmoto platform attracts more bizmoto users**
- **Peppermint released a new corporate video to explain the revenue streams it has focused on**
- **Ended September '23 Quarter with \$2.419 million at bank**



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

**Peppermint’s Managing Director and CEO Chris Kain said:** "The September Quarter has been an incredibly busy period for Peppermint that has been sharply focused on the development of our two key revenue generating streams: our bizmoLoan operations and our EMI wallet service and mobile app platform. We released a Corporate Video detailing these revenue generation streams, which is available via to view our website at <https://pepltd.com.au/news/peppermint-innovation-is-changing-the-financial-landscape-in-the-philippines>

"Our bizmoLoan operations continued to evolve during the September Quarter resulting in a 178% increase in gross loan book revenue compared to the June '23 Quarter. This increase was primarily due to a high level of interest generated by two new loan products that were launched early in the September quarter: Short term employee loans of Php 1,000.00 payable in 14 days and Mico-Business Loans of Php 5,000.00 payable in 2-3 months.

"In addition, advanced artificial intelligence ("AI") technology tools are being adopted to both streamline our bizmoLoan operations and enhance our customer experience.

"Peppermint's AI-enabled tools will be critical for scaling bizmoLoan's services, automating loan processing and personalising the customer journey, which will ultimately lead to greater market penetration and borrower satisfaction as well as improving lead conversion rates and increasing profitability.

"Throughout the September Quarter, Peppermint also successfully negotiated and secured a five-year strategic partnership with the Philippines largest regional co-operative federation, MASS-SPECC, as well as securing a two-year contract extension with a leading Filipino health management organisation, Cooperative Health Management Federation ("CHMF").

"The MASS-SPECC agreement will allow Peppermint to develop, deliver and service their Pinoy Coop App, via white-labelling of our Electronic Money Issuer ("EMI") wallet and mobile banking application while the strengthening relationship with CHMF gives Peppermint the opportunity to make greater use of our EMI Licence to offer services to their loyal customers and providers, much like we're currently doing with MASS-SPECC.

"We look forward to rolling out the new Pinoy Coop Mobile App later this year which we forecast will deliver substantial revenue to Peppermint and we welcome a strengthened, strategic business relationship with MASS-SPECC that has the potential to deliver additional services to members and revenue for stakeholders.

"In addition, the BSP's certification of our operations is a key milestone in the Company's strategy to fully leverage our EMI licence and use it to drive revenue growth via increased transactions across the bizmoto platform.

"The BSP's OPS and COE certification of PBI, which facilitates bizmoto's complete and direct



interoperability across the Philippines payment landscape, also further emphasises the potential value of our EMI licenced platform.

"I also want to repeat my previous observation that in early 2021, a Philippines mobile-App based platform with an EMI licence called Coins.ph was sold for \$US200 million. Peppermint has a commercially proven, deployed and growing mobile-App based ecosystem in the Philippines which is underpinned by a Finance Company Licence and an EMI licence which is currently valued at circa AUD\$26M."

## SEPTEMBER 2023 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

### **Peppermint Bizmoto Certifications**

In September, Peppermint's 100% owned subsidiary, Peppermint Bizmoto Inc. ("PBI") was issued two vitally important bank certifications by the Bangko Sentral ng Pilipinas ("BSP").

The BSP, which is commonly referred to as the Central Bank of the Philippines, issued PBI with a Certificate of Registration ("COR") as Operator of Payment System ("OPS") and a Certificate of Eligibility ("COE") for membership in the Philippines Payments Management Inc. ("PPMI") allowing direct connection to the PESONet and InstaPay Automated Clearing Houses ("ACH") as Sending and Receiving Participant under the National Retail Payment System ("NRPS") of the Philippines.

PESONet and InstaPay are automated clearing houses operating under the BSP's NRPS to promote a safe, efficient, affordable, inclusive and reliable retail payment system. PESONet is an account-to-account fund transfer service that supports bulk, recurring, non-time sensitive payment transactions while InstaPay is a new electronic fund transfer service that enables participants to provide real-time, low-value payment transactions, allowing customers and businesses to transfer between participating banks, e-money issuers or mobile money operators in the Philippines.

The critical certification provides for PBI to be listed among the BSP's 'approved and supervised' Operator Payment Systems throughout the Philippines, providing a safe, efficient and reliable payment and settlement system for its bizmoto users.

It also allows PBI to operate its payments platform outside of its closed loop of bizmoto users and ensures that its role as a payment service provider - to small banks, organisations, transportation services and any other community group - delivers quality payment services via bizmoto.

The COE verifies that bizmoto's operating system is compliant with BSP's regulatory policies and authorises PBI to directly facilitate sending and receiving payments and fund transfers via PESONet and InstaPay between a bizmoto eWallet and any bank account or EMI licenced eWallet who are participants in the NRPS .



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

Peppermint signed a 5-year strategic, long-term partnership agreement with MASS-SPECC during the September Quarter, which will see the Company deliver end-to-end services for MASS-SPECC's Pinoy Coop App, via white-labelling the Company's Electronic Money Issuer ("EMI") wallet and mobile banking application.

The 'Pinoy Coop Mobile' will be tagged *"Built on Bizmoto / Powered by Peppermint."*

Phase 1 of Peppermint's Strategic Partnership Agreement with MASS-SPECC will allow Pinoy Coop App users to complete 'cash-in' and 'cash-out' transactions, transfer funds directly between the Pinoy Coop Mobile wallet and Pinoy Coop ATM accounts, as well as access other financial services such as bill payment, eLoad for mobile phones or transfer funds to another bank account or EMI wallet via InstaPay and PESONet.

Phase 2 of the agreement provides for Peppermint and MASS-SPECC to 'exert best efforts' to discuss and agree on the integration of other Bizmoto services such as, but not limited to, Loan Application, Monitoring of Loan Application, Coop Service Logistics/Appointment, QR code PH functionality, domestic and international remittance and e-wallet service connection for other Co-operative federations. It also provides for both parties to discuss possible collaboration around other proprietary Bizmoto services such as, but not limited to, BizmoLoan, BizmoTinda and BizmoGo.

Peppermint expects to deploy the Pinoy Coop Mobile App in December 2023.

The economics of the MASS-SPECC partnership are very compelling for Peppermint, with the Company forecast to earn on average 10c for every completed transaction via the Pinoy Coop Mobile App. This is in addition to revenue the Company will earn from delivering the App under licence, its full deployment and ongoing service and maintenance for up to five years.

MASS-SPECC continues to grow their range of services to their Co-operative and individual members and up until August 2023, had processed cash withdrawals, bills payment and fund transfer transactions of Php 14.4 billion or circa AUD\$390 million in value.

### **Cooperative Health Management Federation Contract**

In mid-August, Peppermint secured a two-year contract extension with the Philippine's leading health management organisation, Cooperative Health Management Federation ("CHMF").

The two-year contract extension builds on Peppermint's initial 2017 agreement, which resulted in the Company automating CHMF's organisational processes with a mobile application and web tool. The deepening of the relationship with CHMF will allow Peppermint to make greater use of its EMI Licence, which is currently focused on lending and payments, to offer services to CHMF's loyal customers and providers, much like Peppermint is currently doing with MASS-SPECC.



### **BizmoLoan Operations**

Work continued on the development of Peppermint's loan book operations during the September Quarter, resulting in a circa 178% increase in gross loan book revenue compared to the previous quarter.

The increase in gross revenue achieved during the September quarter was primarily due to a high level of interest generated by the Company's two new loan products that were launched early in the September quarter: short term employee loans and Micro-Business Loans payable in 2-3 months.

In addition, the development and deployment of cutting-edge technology - particularly advanced artificial intelligence ("AI") - is streamlining our bizmoLoan operations and enhancing our customer experience. As such, Peppermint is working to improve its lead conversion rates and increase its profitability.

The total number of loan applications received during the September Quarter increased by 106% while the actual number of approved loans approved in the same period dropped by circa 40% as we focus on better quality loans.

Peppermint's AI-enabled tools will be critical for scaling bizmoLoan's services, automating loan processing and personalising the customer journey to ultimately lead to greater market penetration and borrower satisfaction.

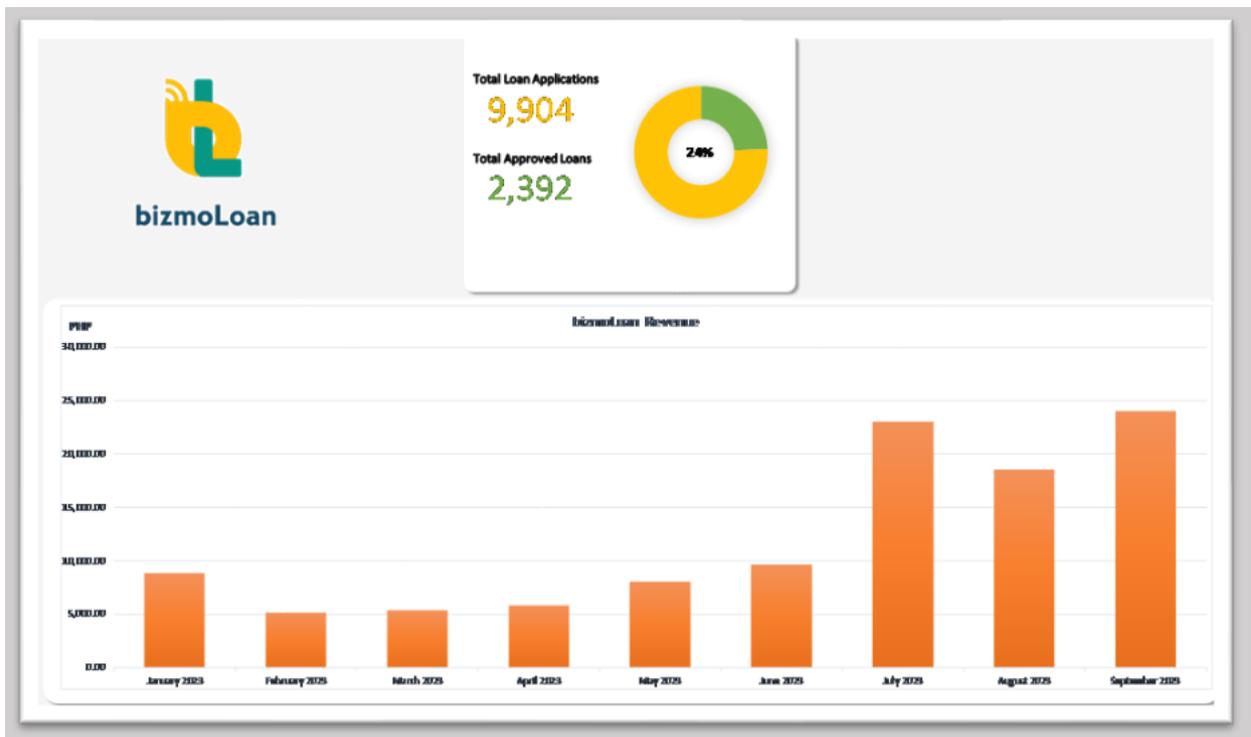


Figure 1: Total number of loan applications received and approved from January '23 to September '23: Total loan revenue received monthly from January '23 to September '23.



### **Bizmoto Operations**

Peppermint increased its total pool of bizmoto agents by circa 6%, from 72,643 to 77,567 during the September Quarter.

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

Peppermint's ability to issue a virtual VISA debit card<sup>1</sup> is reliant on its BIN<sup>2</sup> sponsor receiving regulatory approval, which has taken longer than forecast. As previously mentioned, the timeframe for Peppermint to introduce its virtual VISA debit card remains completely out of the Company's control. Peppermint continues to work with Visa, and their assigned BIN sponsor partners, to work towards launching its virtual VISA debit card program as soon as practically possible.

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

<sup>2</sup> A BIN 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.

### **Marketing and Promotions**

Bizmoto launched a "Holiday Cashback Bonanza" promotion during mid-September that runs until 31 December 2023. The promotion is aimed at incentivising borrowers to make timely loan repayments.



A "Cash-In and Get Rewarded" promotion also launched earlier this month. This three-month campaign is sponsored by the Bank of the Philippines ("BPI") and is aimed at encouraging new users to deposit funds into their BPI online wallets.

A house-to-house loan-approval campaign specifically targeting sari-sari stores will also be conducted during the final quarter of 2023. This campaign is targeting 1,000 borrowers and will provide them with marketing materials, tarpaulins and other promotional items.

During the September Quarter, Peppermint also produced and launched a new corporate video. The video can be viewed at <https://pepltd.com.au/news/peppermint-innovation-is-changing-the-financial-landscape-in-the-philippines/>



### **Corporate**

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

The Company's focus during this Quarter was to work collaboratively with MASS-SPECC to reach agreement whereby Peppermint can control the end-to-end end execution of its Pinoy Co-Op App as well as building its bizmoLoan operations.

Expenditure for the Quarter ended 30 September 2023 included:

- Administration and corporate costs of \$124,000 associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$27,000 incurred in producing products for sale;
- Advertising and marketing expenditure of \$107,000 related to marketing the Company and its products and services;
- Remunerations costs of \$434,000 comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$133,000 was paid by way of fees and salaries to related parties and \$14,000 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 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	59	59
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(27)	(27)
(c) advertising and marketing	(107)	(107)
(d) leased assets	(5)	(5)
(e) staff costs	(434)	(434)
(f) administration and corporate costs	(124)	(124)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(637)</b>	<b>(637)</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 (3 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	3,056	3,056
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(637)	(637)
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 (3 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>2,419</b>	<b>2,419</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	2,409	3,061
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>2,419</b>	<b>3,071</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>
147
-

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)	(637)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,419
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,419
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	3.8

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 October 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.