

ASX ANNOUNCEMENT**31 JANUARY 2023****December '23 Quarterly Activities Report and Operational Update****Highlights**

- **Acquired established and proven 'Application Modernisation' (AI & CX) business division from ASX-listed XPON Technologies**
 - **Peppermint Intelligence comprises Xpon Digital Limited (renamed Peppermint Intelligence Limited 'PINT') and Holoscribe Australia Pty Ltd (renamed Peppermint Intelligence Pty Ltd 'PIPL')**
 - **Added immediate revenue to Peppermint's business for Q4 '23 quarter**
 - **Secured contracts worth circa AUD\$365,000 in Q4 '23, with revenues flowing in CY24**
 - **Current forecast sales pipeline of circa AUD \$1 million**
 - **Significant opportunities to identify cost-efficiencies within respective technology teams once Peppermint Intelligence acquisition is fully integrated**
 - **Peppermint's capital structure not impacted as no securities were issued in consideration for the Peppermint Intelligence acquisition**

- **Commenced live testing of MASS-SPECC's Pinoy Coop App in Google Play App Store**
 - **Transactions of more than Php 1million conducted during live Pinoy Coop App testing with a small number of MASS-SPECC users during a 5-week period**
 - **Economics of MASS-SPECC partnership very compelling, with Peppermint forecast to earn on average 10c for every completed transaction via the Pinoy Coop App.**

- **Increased bizmoLoan gross revenue Quarter-on-Quarter by circa 23%**
 - **Further refinement and enhancement of lending criteria and loan products**
 - **Focus on micro-business loans to Sari-Sari stores yields more revenue on fewer loans issued**
 - **Newly acquired AI and CX capabilities expected to develop and deploy additional enhancements to further improve bizmoLoan**

- **Increased number of bizmoto users to over 80,000**

- **Ended December '23 Quarter with \$1.95 million at bank**



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

Peppermint’s Managing Director and CEO Chris Kain said: "The December Quarter delivered several key milestones for Peppermint with the strategic acquisition of XPON's AI & CX business division being achieved in the final days of FY23 and live testing of MASS-SPECC's Pinoy Coop App in the Google Play App store commencing in early December '23.

"As I outlined at the time of the announcement, the acquisition of Peppermint Intelligence (as the division is now called) is a massive shot in the arm for the Company and has the potential to really turbo charge our revenue growth in a short space of time.

"The AI & CX team has been instrumental in leading significant transformations and integrating advanced AI capabilities into various renowned businesses in the UK, such as Informa, Amnesty International and Elementary Logix.

"By acquiring this established and proven team, Peppermint is effectively leapfrogging years of development in building similar capabilities, methodologies, frameworks and outputs from scratch to focus on the Company's business going forward.

"We will integrate the AI & CX team into our existing technology operations over the coming 6-12 months which will not only enhance our technological delivery capabilities but will also allow us to consider cost optimisation and specialisation across our technology teams, ensuing a more efficient overall structure.

"This will also enable us to accelerate our AI transformation across our bizmoloan operations, especially in the areas of loan origination, credit scoring and management and collections, to deliver on our vision to become a leading automated lending business to the financially underserved.

"Experts are forecasting the global economy is moving into a new "super cycle" with artificial intelligence and decarbonisation being two significant driving factors¹.

"According to research published in August 2023 by Statista Market Insights², the global market share of AI services in 2023 was circa USD\$241 billion, increasing to USD\$305 billion in 2024. In 2023, the AI market share in the UK alone was circa USD\$9.8 billion.

"Furthermore, digital payments and the digital economy are expected to soar in the Philippines in 2024, as the country benefits from the increasing adoption of e-commerce, mobile payments, and contactless payments, as well as the supportive regulatory environment and initiatives by the Bangko Sentral ng Pilipinas (BSP)³."

¹https://www.cnbc.com/2024/01/08/goldman-sachs-analyst-says-the-world-is-moving-into-a-new-super-cycle.html?aid=659bf8256c57bd0001b17406&utm_campaign=trueanthem&utm_medium=social&utm_source=twitter%7Cmain

²<https://www.statista.com/outlook/tmo/artificial-intelligence/worldwide#market-size>

³<https://fintechnews.ph/57320/payments/heres-how-fintech-is-modernising-digital-payments-in-the-philippines/>



DECEMBER 2023 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

Peppermint Intelligence

Peppermint acquired the established and proven 'Application Modernisation' business division of XPON Technologies' wholly-owned subsidiaries, Xpon Digital Limited (now called Peppermint Intelligence Limited - "PINT") and Holoscribe Australia Pty (now called Peppermint Intelligence Pty Ltd - "PIPL").

The acquisition is consistent with Peppermint's growth strategy: to pursue strategic M&A opportunities that add value and extract additional revenue from Peppermint's established EMI licensed technology platform and loan book operations in the Philippines, as well as vertically integrating across current operations to deliver new and diversified revenue streams. In addition, the acquisition has added immediate revenue to Peppermint's business.

Peppermint is at a pivotal point where strategic technological guidance and the ability to execute on AI and CX strategy is paramount to navigate the next phase of its growth, particularly in scaling automation and advancing the future roadmap of core technologies.

The AI (Artificial Intelligence) and CX (Customer Experience) team aims to drive robust innovation, especially in the realm of the customer or user journeys, AI deployments, product efficiencies, scale and technology platform optimisation. This includes honing operational efficiencies to improve cost of deployment, research, development and operational expenditure.

The AI and CX team comprise 19 highly skilled professionals across the United Kingdom, Australia and Vietnam, covering management, sales, finance, operations, delivery, customer experience and technical engineering. The core 13-member Vietnamese technical development team includes AI engineers experienced in handling small and large-scale AI projects, full-stack developers, CX experts (specialising in designing user journeys that leverage AI driven personalisation and recommendation strategies to drive conversion and retention), product managers, and quality assurance managers. The team has a proven track record of selling, delivering and scaling high-value solutions.

The transaction involved Peppermint acquiring 100% of the issued share capital of PINT and PIPL for a nominal fee of one pound (£1). The capital structure of the Company was not affected by the transaction as no securities were issued in consideration for the acquisition.

During the month of December '23, Peppermint Intelligence secured contracts worth circa AUD\$365,000 and forecast an additional sales pipeline of circa AUD\$1 million for CY'24. Some contract revenue made up Peppermint Intelligence's gross receipts of circa AUD\$49,000 for the month of December '23, with the remaining contract fees to be received in CY24.

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

Peppermint achieved a significant milestone in early December with the commencement of 'live' testing of MASS-SPECC's Pinoy Coop App in the Google App store.



Live testing of the Pinoy Coop App came just months after Peppermint signed a strategic 5-year long-term partnership agreement with MASS-SPECC to deliver end-to-end services for the App, via white-labelling the Company's Electronic Money Issuer ("EMI") wallet and mobile banking application.

Some technical enhancements are now being implemented to fine tune the App while beta testing continued during January '24.

During the March '24 Quarter, Peppermint will continue to onboard additional experienced mobile users who are expected to register high utilisation rates.

Agricultural cooperatives are preparing to onboard farm workers who will have their salaries credited to their bizmoto account in the Pinoy Coop App, possibly leading to the utilisation of other bizmoto financial services.

During 'live' testing of the App (with a small number of MASS-SPECC users) from early December to mid-January, almost one million pesos was transacted by various means including fund transfers, bill payments, e-load and 'cash-in'. As previously stated, 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 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.

Training and orientation sessions were conducted with MASS-SPECC's core Pino Coop mobile banking team and with six MASS-SPECC cooperatives to assist with member enquires once full deployment of the App occurs. In addition, Peppermint assisted to establish the Pinoy Coop mobile App customer call service support.

Phase 1 of Peppermint's Strategic Partnership Agreement with MASS-SPECC allows for 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.

BizmoLoan Operations

Peppermint continued to refine and improve its loan book operations during the December '23 quarter, which resulted in a circa 23% increase in gross revenue for Q4 '23.



Importantly, the improved financial result for Q4 '23 was achieved on fewer loans being issued due to the streamlining of bizmoLoan operations and tighter borrowing criteria being applied.

Peppermint's newly acquired AI and CX capabilities are expected to develop and deploy additional enhancements that will further improve the bizmoLoan operations and, potentially, achieve higher profitability.

Peppermint will be targeting repeat borrowers in the Micro-Business Loan category, who predominantly are Sari-Sari store owners who secure loans to operate and grow their stores utilising the bizmoto platform.

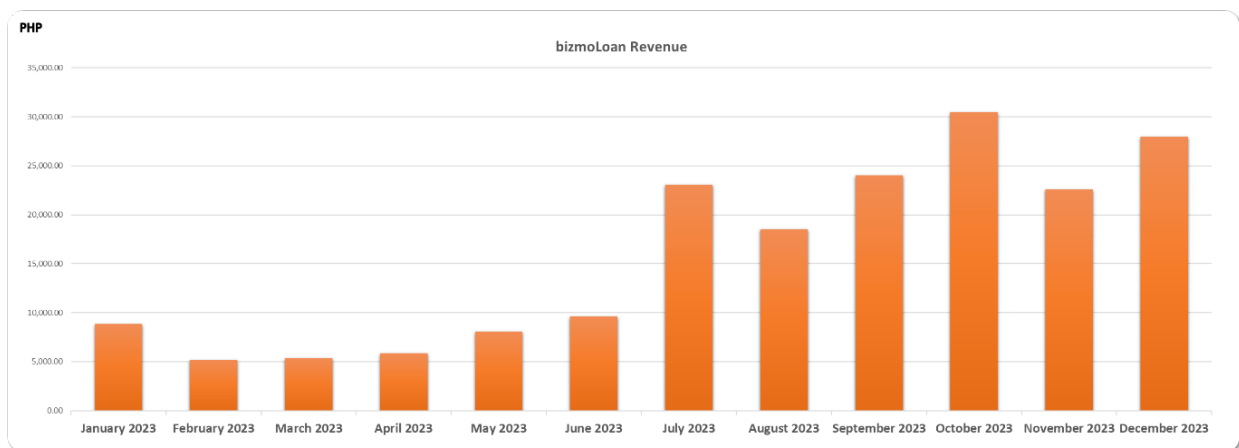


Figure 1: Gross revenue per month earned from bizmoLoan operations for the period January 2023 to December 2023.

Cooperative Health Management Federation

Peppermint and the Cooperative Health Management Federation ("CHMF") have been working collaboratively to add new features to CHMF's 1coophealthmobile app, which Peppermint provided under its initial 2017 agreement with CHMF.

CHMF is a licenced cooperative Health Management Organisation in the Philippines with circa 80,000 users and is actively expanding its base by integrating cooperatives into using their 1coophealthmobile app. CHMF is aiming to onboard 150,000 new users, starting April 2024.

Peppermint's objective is 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.



Corporate

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

Expenditure for the Quarter ended 31 December 2023 included:

- Administration and corporate costs of \$359,000 associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$26,000 incurred in producing products for sale;
- Advertising and marketing expenditure of \$139,000 related to marketing the Company and its products and services;
- Remunerations costs of \$271,000 comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$135,000 was paid by way of fees and salaries to related parties and \$15,000 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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	68	127
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(26)	(53)
(c) advertising and marketing	(139)	(246)
(d) leased assets	(5)	(10)
(e) staff costs	(271)	(705)
(f) administration and corporate costs	(359)	(461)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	5
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 Net cash from / (used in) operating activities	(734)	(1,370)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (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) – cash acquired in an acquisition	270	270
2.6	Net cash from / (used in) investing activities	270	270

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,419	3,056
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(734)	(637)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	270	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,955	2,419

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,945	3,061
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10	10
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,955	3,071

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
150
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

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

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(734)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,955
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,955
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.7

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: 30 January 2024.....

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.