

ASX ANNOUNCEMENT**10 June 2020**

Company Announcements Office
Australian Securities Exchange Limited

March 2020 Quarterly Activities Report and Operational Update

- **Quarterly cash receipts of \$685,000 are the second highest cash receipts ever recorded by the Company, representing a 202% increase on the corresponding March 2019 quarter**
- **Cash receipts reduced 19% in March quarter due to the impact of COVID-19 global pandemic**
- **More than 19,840 bizmoto agents and 420 bizmoGo riders were registered to 31 March - representing a significant increase from the previous quarter**
- **More than 570 merchants customers were registered with bizmoTinda e-commerce for bizmoGo delivery and logistics services**
- **Executed a Sale and Purchase Agreement for legacy Zambian copper exploration licenses, receiving \$650,000 in proceeds**
- **Re-negotiated outstanding \$1.5M Caason Convertible Note, resulting in 90% of the notes being adjusted to a maturity date of April 2022 and 1 cent per share conversion price**
- **Remaining note holders maintain existing terms of 2.5 cents per share conversion price with maturity in April 2021**
- **As announced in our letter to shareholders on 3 April 2020, Peppermint has launched two-stage \$2.25M capital raise (\$750,000 + \$1,500,000) program to provide working capital, launch bizmoPay and implement a targeted bizmoto platform sales and marketing campaign**
- **Stage one capital raise program of \$750,000 is now nearing completion**
- **Stage two capital raise program to raise a further \$1.5 million has been initiated**
- **Funds raised will finalise the set-up and initiation of bizmoPay operations and enable Peppermint to seek re-listing on the Australian Stock Exchange as soon as possible post completion**

PERTH, AUSTRALIA, 4 June 2020: Peppermint Innovation Ltd (**ASX: PIL**) (“Peppermint” or “the Company”) presents its Quarterly Report for the period ended 31 March and is pleased to provide the following commentary and update to shareholders.



Peppermint Innovation Limited ACN 125 931 964 ASX: PIL

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Commenting on the March quarterly activities, Peppermint's Managing Director and CEO Chris Kain said:

"Peppermint recorded a good result for the March 2020 quarter given the widespread impact that the COVID-19 pandemic has had on the economic activity across the globe.

"Our cash receipts of \$685,000 were down 19% on our December figure of \$843,000, but it was still our second largest ever quarterly result in the history of the Company and represented a 202% increase on the corresponding March 2019 quarter where quarterly cash receipts of \$227,000 were recorded.

"We achieved good growth in the number of registered bizmoto agents, bizmoGo merchants and bizmoGo riders across the quarter which is an excellent effort given our team in the Philippines have had to work remotely and deal with significant community lock down measures imposed throughout the Philippines.

"Overall, a drop of less than 20% in our March cash receipts is pretty good given the massive impact COVID-19 has had across the globe. In the Philippines, March quarter GDP was down 5.1%, which is the steepest quarterly contraction on record and the first since Quarter 1 2009.

"We have also been incredibly busy positioning the business to drive growth across the bizmoto platform once the Philippines' Department of Health starts to ease restrictions and modify the enhanced community quarantine in places like metropolitan Manila, Laguna and Cebu City.

"We executed a Sale and Purchase Agreement for our legacy Zambian copper exploration licenses and have received \$650,000 in proceeds, plus re-negotiated our \$1.5 million Convertible Note with the Caason Group to significantly reduce our current liabilities and strengthen our balance sheet.

"90% of our Caason Convertible Note holders have elected to take up new Convertible Notes direct with Peppermint, with the maturity date extended to April 2022 and a conversion price of 1 cent per share, subject to shareholder approval. The remaining notes maintain their existing conversion price of 2.5 cents per share with maturity in April 2021.

"We have also progressed our previously announced capital raise program - the first stage of \$750,000 which was offered at 1 cent per share with an attaching option to buy a further share at 1 cent within 12 months, is now nearing completion.

"We have also initiated work on the second stage of our \$1.5 million raise at 1 cent per share, with these funds predicted to allow the Company to re-list on the Australian Stock Exchange as soon as possible post completion and, most importantly, to launch our bizmoPay micro enterprise lending operations in the Philippines.

"Overall, we have tidied up our balance sheet and realised funds from legacy assets - all at a time when raising capital is difficult. Furthermore, the funds from legacy assets have not diluted existing shareholders and, importantly, will significantly assist the Company's immediate working capital needs.

"I acknowledge the March Quarterly Activities Report has been delayed however your Board considered it prudent to wait until we had finalised the sale of our legacy Zambian assets and



successfully renegotiated our Caason Group Convertible Note.

"On behalf of the Company, I want to thank all of our staff who have worked so hard during these recent difficult times. We are extremely grateful for your commitment and dedication to the Company.

"We are also grateful for the support shown to the Company by our many loyal shareholders. We look forward to rewarding your faith in the Company's long-term, strategic vision."

MARCH 2020 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

bizmoto Operations, Development and Platform Progress:

The bizmoto platform continued to deliver excellent growth during the March quarter, despite the economic impact caused by the COVID-19 global pandemic.

Remarkably, all key metrics for the bizmoto App utilisation increased with the number of registered agents rising to 19,842 and the number of funded wallets and total number of downloads both increasing.

The bizmoGo rider program – which remained focused on the key population centres around Manila of Cavite, Marikina/Antipolo and Fairview/Novaliches – generated significant interest from merchants and drivers in all three areas. The total number of bizmoGo riders increased significantly from the December 2019 quarter with 423 riders registered as of 31 March. The bizmoto team continues to work hard to increase both the number of riders as well as the coverage area for bizmoGo riders.

In January 2020, the Company released a bizmoGo App for merchants to use for delivery requisitions, automated cost estimates and real-time delivery tracking. The introduction of the new module places the bizmoGo App on a par with competitive service providers (Grab Food and Food Panda) and allows the Company to compete on a cost advantage basis.

At the end of March 2020, a total of 570 merchants had successfully subscribed to the bizmoGo program, representing a substantial increase on the previous quarter. The business development team had reduced its backlog of potential customer enquiries to zero and was focused on providing all merchants with training on how to use the bizmoGo merchant App.

The business development team continued to produce a series of "Facebook Live" programs during the March quarter, which proved highly effective in both user engagement and audience reach. The weekly live broadcasts were interactive with parties subscribed to the bizmoto Facebook sites. The latest bizmoto broadcast reached 5,900 viewers with 1,200 live engagements.

A targeted sales and marketing campaign to continue to drive bizmoto operations and the uptake of the platform will be implemented upon successful completion of the current capital raise.



bizmoTinda:

A new bizmoTinda module was developed during the March quarter and will be released in Q2 to complement the substantial increase in merchant customers that have now registered with bizmoTinda for bizmoGo delivery and logistics services.

bizmoPay:

The Company is currently conducting a \$1.5 million capital raise at 1 cent per share to finalise the set-up and licensing, capitalise the loan book and commence bizmoPay operations.

bizmoPay will be an alternative, non-bank lending facility made available and managed by the established bizmoto App mobile wallet, with micro-enterprise loans made available to qualified bizmoto agents, bizmoGo riders, registered network members and qualified overseas foreign workers.

The alternative non-bank consumer lending market in the Philippines is growing rapidly where 70% of the circa 109 million population base is unbanked, and many more are underbanked. The Central Bank of the Philippines (“BSP”) showed bank loans reaching 0.6% of the population in 2017 while alternative non-bank consumer lending grew from 4.7% in 2015 to 7.6% in 2017 across the population.

Lending will initially be focused on the established bizmoto platform services, spanning payments, delivery & logistics, e-commerce and remittance.

bizmoPay will be initially focused on growing the bizmoto network and driving the use and adoption of bizmoto's wide range of services.

Collaboration with BancNet on Mobile Banking Solution (MBS):

The Philippines Enhanced Community Quarantine that was introduced in March due to the COVID-19 pandemic contributed to some delays in the integration and testing process between BancNet, the ATM system provider and Peppermint.

The three-phase integration process that banks must undertake before they launch are: interfacing, BancNet testing and client end-to-end testing.

Partner Rural Bank (Cotabato) has completed phases 1 and 2 testing and was expected to finish end-to-end testing in early May while UCPB Savings Bank and the Bank of Makati are working on their CASA (bank) system before they start the interfacing process.

The Company remains in ongoing discussions with five additional outsourcing banks about providing similar BancNet MBS subscription products, as well as another two banks to deliver mobile QR code solutions.

Further progress around these discussions is forecast during the June 2020 quarter.



Co-Operative Business Partners:

During the March Quarter, Peppermint continued to work with the Cooperative Health Management Federation (CHMF) and MASS-Specc to negotiate the use and adoption of the Company's mobile banking solutions system, which was developed in collaboration with BancNet, as well as exploring new commercial opportunities.

MASS-Specc also continued utilising the Conditional Cash Transfer (CCT) monitoring system and made further disbursements using that system, which was developed and deployed by Peppermint.

Corporate:

With quarterly cash receipts of \$685,000 Company expenditure for the quarter was \$903,000. This consisted of \$634,000 on product manufacturing and operating costs, \$9,000 on advertising and marketing, \$181,000 on staff costs, \$78,000 on administration and corporate costs, and \$1,000 on finance costs.

Of the costs incurred in the March quarter \$78,000 were related party costs. The costs were attributable to unpaid director salaries and fees for December 2019 and January 2020. Directors salaries and fees were not paid in the March quarter for February 2020 and March 2020.

The Company remained suspended from trading on the Australian Stock Exchange during the March quarter due to the "disclaimed audit opinion" on the Company's last full financial year audited financial report.

During the March quarter, Peppermint placed \$260,000 of its first-stage \$750,000 capital raise with sophisticated and professional investors at 1 cent per share, with an attaching option to buy a further share at 1 cent within 12 months. This first-stage capital raise program is now nearing completion.

The Company is currently working on the second stage of a \$1.5 million raise at 1 cent per share in accordance with s708 of the Corporations Act. This funding is to satisfy the requirements of auditors and enable them to issue an undisclaimed audit report for the Company. With a clear opinion from the auditor to the satisfaction of the ASX, and the ASX being satisfied under Listing Rule 12 that PIL operations and financial condition warrant its continued quotation and listing, the Company will then apply to re-list on the ASX.

Furthermore, the Company has re-negotiated its \$1.5 million Convertible Note with the Caason Group, with 90% of the Caason Convertible Note holders electing to take up new Convertible Notes direct with Peppermint, with maturity date extended to April 2022 and a conversion price reduced to 1 cent per share. This restructured Convertible Note will be presented to Peppermint Shareholders for consideration at a shareholder meeting to be convened. The remaining notes maintain their existing conversion price of 2.5 cents per share with maturity in April 2021.

Since the end of the March quarter, the Company signed a Sale and Purchase Agreement for its legacy Zambian copper exploration licenses and received \$650,000 in proceeds.

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.



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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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	685	1,854
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(634)	(1,703)
(c) advertising and marketing	(9)	(61)
(d) leased assets	-	-
(e) staff costs	(181)	(595)
(f) administration and corporate costs	(78)	(710)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(6)
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	(218)	(1,221)
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 (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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	210	335
3.2	Proceeds from issue of convertible debt securities	-	853
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	-	(32)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	5	20
3.10	Net cash from / (used in) financing activities	215	1,176

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	40	82
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(218)	(1,221)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	215	1,176
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	37	37

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	32	35
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	5	5
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	37	40

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**

78

-

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.

n/a

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(218)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	37
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	37
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.17

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:

Yes

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:

Subsequent to period end the non-core assets in Zambia were sold for \$650,000. These funds will be used for working capital.

In addition, the entity is seeking to raise capital.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

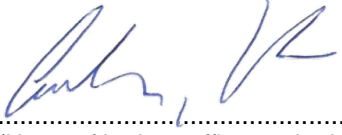
Answer:

Yes, via the sale of the non-core Zambian assets, raising capital and working with suppliers and employees to defer payments.

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: 10 June 2020

Authorised by: 

(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.