

ASX ANNOUNCEMENT

29 January 2021

December 2020 Quarterly Activities Report and Operational Update

- Quarterly cash receipts of \$540,000 impacted by COVID-19 lockdown restrictions and subsequent limitations on general business and commercial conditions within the Philippines
- Full 2020 calendar year cash receipts up 76% to \$2.9M compared to full 2019 calendar year cash receipts of \$1.653M
- Targeted marketing campaign achieved 105% increase in number of registered bizmoto agents during December quarter, totalling 51,438 as of 31 December 2020
- Significant increase in total cash receipts in CY 2020 achieved despite impacts caused by COVID-19 pandemic, limited capital resources to drive business growth, and Peppermint's ASX suspension
- \$500,000 raised from sophisticated investors via the placement of 50 million shares at 1 cent per share with 50 million free attaching options with a 1 cent exercise price
- Mandate signed with Clee Capital Pty Ltd to raise \$2M from the issue of shares at 1 cent per share to provide additional working capital and continue bizmoto's targeted sales and marketing campaign
- ASX confirms it can see "no reason" why the securities of Peppermint should not be reinstated to official quotation, subject to compliance with conditions precedent (See ASX Announcement 5 January 2021)
- Shareholders approve \$2M placement at AGM held on 25 January 2021
- Peppermint working towards re-quotation on ASX as soon as possible

PERTH, AUSTRALIA, 29 JANUARY 2021: Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Report for the period ended 31 December 2020 and is pleased to provide the following commentary and update to shareholders.

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

"I am very excited for what the next 12 months holds for Peppermint Innovation.

"We understand the impact that COVID-19 has had on our business in the Philippines during 2020 but we have also gained significant market knowledge during the past 12 months around how and where to drive business growth into 2021.



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 | www.pepltd.com.au

"Even during a period when Filipino people were quarantined in their homes and business operations were severely restricted throughout the Philippines, we saw our business expand significantly, achieving a 76% increase in overall cash receipts in CY '20 on CY '19.

"This is a fantastic effort given the impact of COVID-19 in the Philippines.

"The next 12 months will be extremely exciting for Peppermint as we continue to evolve the bizmoto platform and seek further opportunities for our established and proven mobile banking platform.

"Additionally, there are many exciting potential collaborations and development opportunities to evolve the utilisation and functionality of the Peppermint platform to ultimately provide a Lifestyle and Payments mobile App to cater for the varied and essential needs of the Filipino people based on how people now interact due to COVID-19.

"Our major focus at a corporate level has been to seek re-quotations on the ASX and we have successfully navigated that path to date.

"At our Annual General Meeting held on the 25th January 2021, shareholders voted to approve the issue of shares to raise \$2 million that will provide us with much needed capital resources to drive business growth in 2021.

"This additional capital will help to continue delivering our targeted marketing campaigns and allow us to focus on immediate business opportunities to pave the way for continued growth across the Peppermint platform.

"We have also been advised by the ASX that it can see no reason why our securities should not be reinstated to official quotation, subject to our compliance with a number of conditions precedent.

"As such, we now look forward to completing the \$2 million capital raise and being re-quoted on the ASX as soon as possible.

"Again, I would like to thank our incredible staff in the Philippines and Australia who continue to demonstrate commitment and dedication to their work during incredibly challenging times.

"We remain grateful for all of your efforts in advancing the business. "

DECEMBER 2020 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

bizmoto operations, Development and Platform Progress:

COVID-19 lockdown restrictions and limitations on business operations in the Philippines during the December quarter impacted cash receipts of A\$546,000. Despite the harsh economic conditions created by the COVID-19 pandemic, all key metrics for the bizmoto App utilisation increased during the three-month period, with the most pleasing metric being the number of registered agents rising by 105% to 51,438. The bizmoGo program generated smaller increases to record a total of 590 riders and 616 merchants registered as at the end of 31 December 2020.



The new bizmoto Android App 2.0 version was officially released to the market during mid-November following three months of live testing with selected agents. The bizmoto App 2.0 version provides agents with a 'quick view' to their earnings and dashboard which features services such as Bills Payment, eLoading, bizmoTinda, bizmoto *Pabili* and bizmoto QR code.

Bizmoto QR code is a unique ID for bizmoto agents using a quick response code format. The QR code was used to automate the bizmoto user acquisition team's referral program that allowed existing bizmoto agents to refer new users to the system. The fully automated referral program was launched on 7 December 2020 and ended on 4 January 2021, significantly increasing the number of registered bizmoto users to more than 50,000 by the end of the program.

The new bizmoto mWallet was also re-written to be future proof providing multi-client support and proper authentication access. It is currently in the testing phase and is forecast to be put into production soon.

The technical team is undertaking a development assessment for phase 2 of the bizmoto customer App, called '*Pabili*'. bizmoto *Pabili* is an open marketplace that will allow bizmoto or non-bizmoto registered users to purchase a wide range of goods and services from any registered merchant via the App. Phase 1 development covered users logging in to bizmoto *Pabili* with their Facebook and Google credentials, searching for merchants, viewing merchant products and then checking out. Phase 2 development aims to further expand the user experience with integration to the bizmoto platform.

Collaboration with BancNet on Mobile Banking Solution (MBS):

The next step for Partner Rural Bank is to move the MBS in the production stage. This will establish the integration protocol for the next coming banks to connect to InstaPay 2.0 which is now linked to the system of Vocalink (a MasterCard company). At present, InstaPay 2.0 mainly supports person-to-person (P2P) payments whereas use of the Vocalink technology will extend InstaPay's reach to broader consumer payments, government and commercial payments.

UCPB Savings Bank halted implementation of their MBS during the December quarter due to some required updates on their own core banking system. UCPB Savings is expected to resume the Integration process during Q1 2021.

The Bank of Florida has signed a contract for MBS features up to Stage 2 with the system integration expected to commence around March 2021 once the set-up of the bank's switch is completed and finalised.

Peppermint remains in discussions with several other rural outsourcing banks about providing similar BancNet MBS subscription products, as well as awaiting the outcome of a proposal to develop mobile QR code platforms for a Filipino bank. The outcome of the proposal has been delayed due to the impact of Covid-19.

Co-Operative Business Partners:

MASS-SPECC

Discussions with MASS-SPECC around their latest requirement for a mobile banking solution that can



connect other co-operatives under one network were delayed during the December quarter due to COVID-19.

MASS-SPECC's network has 334 affiliate primary co-operatives and more than a million individual co-operative members.

Peppermint expects discussions with MASS-SPEC to resume in Q1 2021 and the Company is well placed to be a provider to MASS-SPECC due to its existing relationships with BancNet and its own system provider, Coreware.

Corporate:

As previously mentioned, the December quarter delivered cash receipts of \$540,000 for the Company.

As detailed in the attached Appendix 4C, expenditure for the December quarter was broadly in line with previous quarters with the execution of product manufacturing and operating costs which vary in line with revenue. This expenditure consisted of:

- Product manufacturing and operating costs of \$491k which are the costs directly related to the sales of Peppermint's goods and services;
- Sales and marketing costs of \$9K which have been limited to preserve cash while the Group has focused on raising capital;
- Staff costs of \$246k to cover employing the software development team, operations team and administration and management teams, including payments of \$163k to related parties for directors' fees, executive remuneration, consultants, and pension/superannuation benefits; and -
- Administration and corporate costs of \$189k - a reduction of \$297k from the previous quarter - which represent all other costs of operating the business, including but not limited to regulatory fees, legal fees, rent and the provision of systems.

The Company raised interim funding of \$500k in November 2020 and signed a mandate with Sydney-based Cleo Capital Pty Ltd to raise \$2 million from the issue of shares at \$0.01 each.

The \$2.5 million is to be used to continue bizmoto's sales and marketing campaign, provide additional working capital, underwrite the services offering on the bizmoto platform and cover costs of the capital raising offer.

The Company has received confirmation from the ASX that its securities will be re-instated to official quotation upon satisfaction of a series of conditions precedent (See ASX Announcement 5 January 2021).

Shareholders have approved the \$2 million placement at the Company's Annual General Meeting held on 25 January 2021.

The Company looks forward to completing its \$2 million capital raising, meeting all conditions precedent as outlined by the ASX and seeking re-quotation on the ASX as soon as possible.



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

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 2020

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	540	1,267
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(491)	(1,120)
(c) advertising and marketing	(9)	(17)
(d) leased assets	-	-
(e) staff costs	(246)	(490)
(f) administration and corporate costs	(189)	(486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	38
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(401)	(817)
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)	-	-
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)	500	905
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	500	905

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	253	264
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(401)	(817)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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)	500	905
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	352	352

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	347	248
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)	352	253

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
163
-

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)	(401)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	352
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	352
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.9

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: 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: Yes,

The Company secured a commitment of \$2 million for a placement of 200,000,000 shares at \$0.01 per share with funds being released to the Company within 5 business days of the Company's securities being reinstated to trading on the Official List of the Australian Securities Exchange Limited.

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,

The Company secured a commitment of \$2 million for a placement of 200,000,000 shares at \$0.01 per share with funds being released to the Company within 5 business days of the Company's securities being reinstated to trading on the Official List of the Australian Securities Exchange Limited.

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.

29 January 2021

Date:

The Board of Directors

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.