

ASX ANNOUNCEMENT**30 April 2021**

March 2021 Quarterly Activities Report and Operational Update

Highlights

- **Capital raising closed heavily oversubscribed - accepting an additional \$500K to raise a total of \$2.5M**
- **A further \$1M received by the Company from shareholders exercising options**
- **Funding to support targeted sales and marketing campaign for bizmoto platform and allow Peppermint to pursue operational expansion**
- **Officially quoted on the Australian Stock Exchange 25 February 2021**
- **Launched bizmoProtect - a micro-insurance product offering - in partnership with Cebuana Lhuillier Insurance Solutions**
- **Signed an API agreement with the Bank of the Philippine Islands (BPI) to make it seamless for bizmoto agents to top-up their mobile wallet 24 hours a day, 7 days a week, 365 days a year via online access to a BPI account**
- **Signed a Merchant Biller agreement with Cebuana Lhuillier, the Philippine's largest and leading micro-financial services provider, to make it easier for bizmoto agents to 'cash-in' money and top-up their mobile wallets instantly through Cebuana's circa 2,500 outlets**
- **Increased number of registered bizmoto agents to 55,218, bizmoGo riders to 636 and Merchants to 688**
- **Bolstered bizmoto sales and marketing effort with the contract hire of Aidan Montague**
- **Lodged the final application for Peppermint Finance Inc. with the Philippines' Securities Exchange Commission (SEC) which will underpin bizmoPay operations**



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PERTH, AUSTRALIA, 30 APRIL 2021: Peppermint Innovation Ltd (**ASX: PIL**) (“**Peppermint**” or “**the Company**”) presents its Quarterly Activities Report and Operational Update for the period ended 31 March 2021 and is pleased to provide the following commentary and update to shareholders.

Peppermint’s Managing Director and CEO Chris Kain said: "The Company has delivered on several significant milestones during the March Quarter - from closing our prospectus significantly oversubscribed and raising \$2.5 million, to being requoted on the ASX in late February and then launching several operational initiatives that will allow Peppermint to grow into the future.

"Our ongoing partnership and business relationship with Cebuana Lhuillier has significant potential for our bizmoto agents and we look forward to capitalising on those opportunities offered via the micro-insurance distribution agreement and Merchant Biller agreement with Cebuana.

"Similarly, our API agreement with the Bank of the Philippine Islands not only provides our bizmoto agents with the ability to seamlessly top-up their mobile wallets 24/7, it gives Peppermint the opportunity to directly market its bizmoto platform to up to four million enrolled online account holders.

"To put that in some context, we currently have just over 55,000 registered bizmoto agents. This deal gives Peppermint the right to directly market and explain how our bizmoto platform works to almost 80 times the number of current registered agents.

"So, we're at a very exciting stage in our business relationship with both Cebuana Lhuillier and BPI.

"We have also lodged our final application to register Peppermint Finance Inc. with the Philippines' Securities Exchange Commission (SEC) to underpin our bizmoPay operations and, once we have approval, we will be able launch our non-bank mobile app based micro-enterprise lending programs.

"These micro-enterprise loans will be available to qualified bizmoto agents, bizmoGo riders, registered network members and, in time, qualified overseas Filipino workers - delivering another forward step on our path of building out our bizmoto ecosystem of services across the Philippines.

"We also believe bizmoPay will help alleviate the unpredictability caused by COVID-19, where limitations on business operations throughout the Philippines and loss of jobs has impacted cash receipts in the March '21 quarter.

"Strict lockdown measures have been in force during the March '21 quarter in the Metro Manila area and the four provinces of Laguna, Bulacan, Cate and Rizal. These areas are now under a modified quarantine regime since 12 April, with the Government looking to a lesser form of lockdown from 30 April.

"We're hoping bizmoPay will provide Filipinos with the chance to create a livelihood and real income from the bizmoto platform when other options in the local economy are particularly limited.

"The Company is now positioned for strong growth and we look forward to rewarding both investors and customers alike."



MARCH 2021 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

Capital raising & re-quotation on the Australian Stock Exchange

Peppermint closed its prospectus to raise A\$2M heavily oversubscribed and, ultimately, accepted an additional \$500,000 to take the placement to \$2.5M.

The \$2.5M placement - raised at 1 cent per share - provided for additional working capital and funding to deliver a target sales and marketing campaign for Peppermint's bizmoto platform, as well as allowing the Company to pursue operational expansion without being financially constrained.

The capital raising was a key 'condition precedent' for being re-instated to official quotation on the Australian Stock Exchange, a significant milestone which was achieved on Thursday, 25 February 2021.

bizmoProtect - Distribution agreement and micro-insurance product launch

Within days of relisting on the ASX, Peppermint launched bizmoProtect - a new service offering for Filipino people which provides access to life and accident insurance products via its established bizmoto agent network and platform.

Offered via a distribution agreement with Cebuana Lhuillier Insurance Solutions, bizmoProtect provides three policies ranging from 'Basic' to 'Plus' to 'Prime'. Each of the policies cover emergency cases relating to COVID-19 and Dengue fever.

The aim of bizmoProtect is to deliver affordable and accessible accident and life insurance to Filipino people via Peppermint's established bizmoto agent network using its new and improved bizmoto mobile App.

The availability and easy access to affordable life and health insurance products is important given the considerable strain that the Filipino health insurance and healthcare services are under at present.

BizmoProtect was the first product launched within Peppermint's targeted financial services business sector, with new insurance products expected to be added to bizmoProtect in the June Quarter.

The Bank of the Philippines API agreement

Peppermint signed an Application Programming Interface (API) agreement with the Bank of the Philippine Islands (BPI) to make it seamless for bizmoto agents to top-up their mobile wallet 24 hours a day, 7 days a week, 365 days a year via online access to a BPI account.

This provides bizmoto agents who are BPI account holders with a faster turnaround time to top-up their mobile wallet and be able to service more customers because they can transact online in real time without the need to visit a BPI branch or automatic teller machine.

In addition, BPI's four million enrolled online account holders can elect to register as bizmoto agents and access the bizmoto platform and ecosystem of services available, such as mobile payments, eCommerce, delivery and logistics and mobile financial services.

As part of the agreement, Peppermint will be undertaking a direct marketing campaign promoting



bizmoto's wide range of customer services to BPI's four million enrolled online account holders.

Technical Integration and testing between Peppermint's bizmoto platform and BPI's systems and protocols has commenced, with a target 'go live' date in Q2 2021.

Cebuana Lhuillier Merchant Biller Agreement

Just after the end of the March 2021 Quarter, Peppermint signed a Merchant Biller agreement with Cebuana Lhuillier to make it easier for bizmoto agents to 'cash-in' money and top-up their mobile wallets instantly - giving them the ability to transact with more customers.

The deal allows a bizmoto agent to enter any one of Cebuana's 2,500 shop fronts and accredited stores throughout the Philippines, choose the bizmoto platform to top-up their mobile wallet and their 'cash-in' funds will instantly be credited to their bizmoto wallet.

The Merchant Biller agreement with Cebuana extended Peppermint's business alignment and partnership with the Philippines' largest and leading micro-financial services provider, following on from its bizmoProtect distribution and micro-insurance provider deal signed in early March 2021.

Key staff appointment

Peppermint bolstered its sales and marketing efforts during the March Quarter with the contract hire of sales and marketing professional, Aidan Montague. Aidan will be focused on driving bizmoto sales and marketing systems and processes.

Aidan has more than 25 years' experience driving sales and marketing operations, along with a strong technology and Internet background. He has held several senior roles with Internet/Communications giant, Cisco Systems, both locally and overseas. As Director of Strategic Alliances for Cisco, Aidan negotiated alliance agreements with many of the major Telcos throughout China, Korea, Singapore, Australia and elsewhere. Prior to that he was instrumental in the establishment of the Cisco Australia subsidiary and built a highly successful sales operation for Cisco in Melbourne.

More recently, he has been a Director, Online Sales and Marketing for Resimac Ltd - one of Australia and New Zealand's premier non-bank lenders.

bizmoPay

Peppermint lodged the final application for Peppermint Finance Inc. with the Philippines' Securities Exchange Commission (SEC) to underpin our bizmoPay operations. bizmoPay will be an alternative non-bank micro-enterprise lending platform made available via the bizmoto mobile App. Micro-enterprise loans will be made available to qualified bizmoto agents, bizmoGo riders and registered network members. Funds from the \$2.5M placement were used to provide the initial Php 12,500,000 'paid-up capital requirements imposed under Philippines SEC regulations, and will also be used to officially launch bizmoPay. The Company is aiming to launch bizmoPay once the SEC has approved Peppermint Finance Inc. final application.

bizmoto operations

Further COVID-19 lockdown restrictions and strict limitations on business operations in the Philippines during the March 2021 quarter resulted in the bizmoto platform delivering cash receipts of A\$397,000.



All key metrics for the bizmoto App utilisation increased circa 8% to 10% during the March quarter despite the harsh economic and social conditions, and the subsequent interruption in the company's ability to deploy capital resources raised during the latter part of the quarter. The number of registered agents increased to 55,119. The bizmoGo program increased on the previous quarter, with 665 merchants and 636 riders registered respectively as at the end of 31 March 2021.

A new incentivised referral program focused on the bizmoto App will be implemented in the June Quarter which aims to increase the number of mobile App transactions, grow the number of new bizmoto agent's, members and expand the bizmoto ecosystem.

Collaboration with BancNet on Mobile Banking Solution (MBS)

Peppermint has successfully integrated and deployed the MBS for Partner Rural Bank to InstaPay 2.0 and implemented the national QR for person-to-person transaction.

BancNet is currently testing the Central Bank of the Philippines (BSP) mandated national QR feature which will be available in the MBS platform 'powered by Peppermint' of Partner Rural Bank by Q2 2021.

UCPB Savings Bank will resume the MBS integration process in the June quarter having completed the required updates to its own core banking system.

The Bank of Florida has delayed its system integration to the BancNet outsourcing switch due to internal technical issues. It forecasts the next target completion of its system integration is towards the end of Q2. Once it has completed integration with BancNet switch testing and integration will commence with the MBS.

Peppermint remains in discussions with several other rural outsourcing banks about providing similar BancNet MBS subscription products.

Co-Operative Business Partners

Peppermint restarted discussions with major Filipino Co-operative MASS-SPECC about providing its Mobile Banking Service (MBS) to MASS-SPECC and its co-operative members after the COVID-19 pandemic caused several delays during the December 2020 quarter. MASS-SPECC's network has more than 300 co-operative members and more than a million Individual members.

Peppermint aims to provide the MBS solution to MASS-SPECC and become the digital solutions provider to one of the biggest cooperative federations in the Philippines.

Corporate

An Appendix 4C detailing expenditure for the March Quarter is accompanying this March 2021 Quarterly Activities Report and Operational Update. Payments to related parties totalling \$93k were paid during the March Quarter for directors' fees, executive remuneration and pension / superannuation benefits.



Expenditure from 1 January 2021 to 31 March 2021 - being the start of the quarter during which the Company lodged a prospectus - is consistent with the use of funds detailed in its prospectus of 29 January 2021 and is detailed below:

('000,000s)

| Use of Proceeds under Prospectus | Funds allocated under Prospectus dated 29/01/2021 | Funds expended between 01/01/2021 and 31/03/2021 |
|---|---|--|
| Bizmoto Platform roll out and working capital | 901 | 504 |
| Bizmoto Platform sales and marketing campaign | 450 | 37 |
| Bank deposit required to underwrite services offered on the Platform | 350 | 268 |
| bizmoPay Loan Book | 600 | - |
| Costs of the offer | 199 | 199 |
| Total | 2,500 | 1,008 |
| Funds received from the exercise of options | | (1,020) |
| Net funds (generated) between 1 January 2021 and 31 March 2021 | | (12) |

| | |
|--|--------------|
| Cash at 1 January 2021 | 253 |
| Net funds generated between 1 January 2021 and 31 March 2021 | 12 |
| Platform deposit funds on hand | 268 |
| Funds received from placement of shares | 2,500 |
| Cash at 31 March 2021 | 2,765 |

Current Situation in the Philippines

Escalating new COVID-19 cases dampens recovery

The recent performance and near-term outlook for the Philippines economy has been impacted by a sharply rising wave of new COVID-19 cases leading to the resumption of stricter lockdown measures. The government placed Metro Manila and the four provinces of Laguna, Bulacan, Cavite and Rizal under a general community quarantine bubble with a new set of regulations due to the surge of COVID-19 pandemic cases in those areas. Starting April 12, the shift to a Modified Enhanced Community Quarantine (MECQ) from an Enhanced Community Quarantine (ECQ) was made by the national government with less form of lockdown until April 30.

Opportunities for digital transactions

The Philippine market for the provision of digital payment services is estimated to cover a major part of the Filipino population, with the majority belonging to the lower income segments. Amidst the challenges of doing business during covid-19 restrictions Peppermint, via bizmoto, sees significant opportunities to empower mass-based entrepreneurship and support community-based start-ups with access to the bizmoto platform and ecosystem of services under collaborative community-based



partnerships. bizmoto, 'powered by Peppermint' provides a genuine and sustainable way to deliver digital payments, create income, and deliver financial inclusive services for the Filipino people during these unprecedented Covid-19 times.

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 March 2021

| 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 | 397 | 1,664 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (367) | (1,487) |
| (c) advertising and marketing | (17) | (34) |
| (d) leased assets | - | - |
| (e) staff costs | (241) | (731) |
| (f) administration and corporate costs | (309) | (895) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (6) | (12) |
| 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 | (540) | (1,457) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | (268) | (268) |
| (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 | (268) | (268) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 2,500 | 3,405 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 1,020 | 1,020 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (199) | (199) |
| 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 | 3,321 | 4,226 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 252 | 264 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (540) | (1,457) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (268) | (268) |

| 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) | 3,321 | 4,226 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,765 | 2,765 |

| 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 | 2,760 | 347 |
| 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) | 2,765 | 352 |

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 |
|------------------------------------|
| 93 |
| - |

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) | (540) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 2,765 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 2,765 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 5.1 |

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 April 2021

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. 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.