

ASX ANNOUNCEMENT

26 October 2021

September Quarterly Activities Report and Operational Update

Highlights

- Launched bizmoPay - an alternative non-bank micro-enterprise loan offering - after being granted a financial licence by the Philippines Securities Exchange
- Initiated restricted 10-agent pilot program to test bizmoPay platform and identify friction points
- Pilot program rapidly expanded in the last two weeks of September to more than 150 bizmoto agents due to significant demand for micro-enterprise loan offering
- Loan participants have demonstrated - based on analysis of pilot program data - an average eight-fold increase in their level of transactions across the bizmoto ecosystem of services
- Next commercial phase of bizmoPay allowing recipients to apply for micro-loans via their bizmoto mobile App expected to be rolled-out next month
- September quarterly cash receipts of \$472,000 - representing an 83% increase on June 2021 quarterly cash receipts
- Strong cash position ending September Quarter with \$2.7M cash at bank
- Increased numbers of registered bizmoto agents to 56,605, bizmoGo riders to 672 and Merchants to 747
- Progressed application process for Electronic Money Issuer ("EMI") licence to Stage 2
- Enhanced bizmoTinda website to include multi-vendor customer and multi-vendor merchant functionality
- Progressed integration of BPI and Cebuana Lhuillier "cash-in" offerings and G-Cash "payments facilitator" offering with the bizmoto platform
- Adopted 'community-based' sales and marketing campaign to promote a wider adoption of bizmoto services and drive the use of the bizmoto ecosystem
- Improved level of communications via 'news room' blog, social media channels and updated and optimised company website

PERTH, AUSTRALIA, 26 OCTOBER 2021: Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Activities Report and Operational Update for the period ended 30 September 2021 and is pleased to provide the following commentary and update to shareholders.



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Peppermint's Managing Director and CEO Chris Kain: "The September '21 quarter delivered some outstanding results for the Company with respect to our alternative non-bank micro-enterprise loan offering, bizmoPay.

"Having initiated a select 10-agent pilot program to identify friction points in our bizmoPay system, we rapidly expanded the size of the pilot due to the level of interest shown by other bizmoto agents.

"We had more than 150 agents sign up for our micro-enterprise loan offer during the last two weeks of September and by the 12th October we had issued 359 loans across our three different loan products - Platinum Plus, Platinum and Silver.

"An analysis of the first 45 days of our bizmoPay pilot program showed about 20 loan recipients transacted more than 50 times while five agents completed more than 100 transactions and one agent undertook more than 250 transactions.

"On average, the total number of loan recipients completed 13 transactions during the first 45 days of the bizmoPay pilot program, yielding \$1.05 per day in transaction value. That volume of transactions would represent an additional circa AUD\$22 million per annum in revenue if extrapolated across our 56,000 registered bizmoto agents.

"The bizmoPay pilot program started with only the Platinum Plus and Platinum loan products offered initially, with the shorter term, lower value Silver bizmoPay loan product commencing trials in the last week of September.

"As such, no meaningful data has been collected for the Silver bizmoPay loan type because they were only issued towards the end of the first 45-day pilot period.

"We are on schedule to deploy the next phase of our commercial roll-out for bizmoPay next month whereby recipients will be able to apply for their micro- enterprise loans via their mobile App. We expect this simple and easy to use feature will be incredibly popular with many of our bizmoto agents.

"In February, we told the market that our phase 2 objective was the launch of bizmoPay.

"We've done that and ticked that box, so now we're moving to phase 3, an Electronic Money Issuer ("EMI") licence which is Peppermint's next objective in delivering financial inclusion to the Filipino people.

"An EMI licence will allow us to facilitate any e-money transaction and service open-loop e-wallet accounts, providing all Filipinos - not just bizmoto agents - with a convenient and secure way to receive digital money and access digital services.

"Every Filipino will have the chance to receive a bizmoPay loan, paid to their bizmoto e-wallet to access the bizmoto ecosystem and agent services. We believe this will stimulate significant transaction volumes over the bizmoto platform."



SEPTEMBER 2021 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

BizmoPay

Peppermint was awarded a financial lending licence by the Philippines Securities Exchange Commission in late July 2021 allowing it to offer alternative non-bank micro-enterprise loans to qualified bizmoto agents, registered bizmoto network members and enterprise platform partners.

The financial lending service - branded *bizmoPay*, fully complements the commercialisation of Peppermint's proprietary technology platform which targets four key business sectors - mobile payments, eCommerce, delivery and logistics and mobile financial services.

In late July, Peppermint initiated a three-month pilot program involving 10 bizmoto agents to ensure the back end of the bizmoPay system was fully integrated with the existing bizmoto platform and the application, approval and receipt process was seamless.

The pilot-program ramped up during the last few weeks of September, with more than 150 agents signing up to trial the new offering.

A total of 359 loans were issued across three different types of loan product by 12 October.

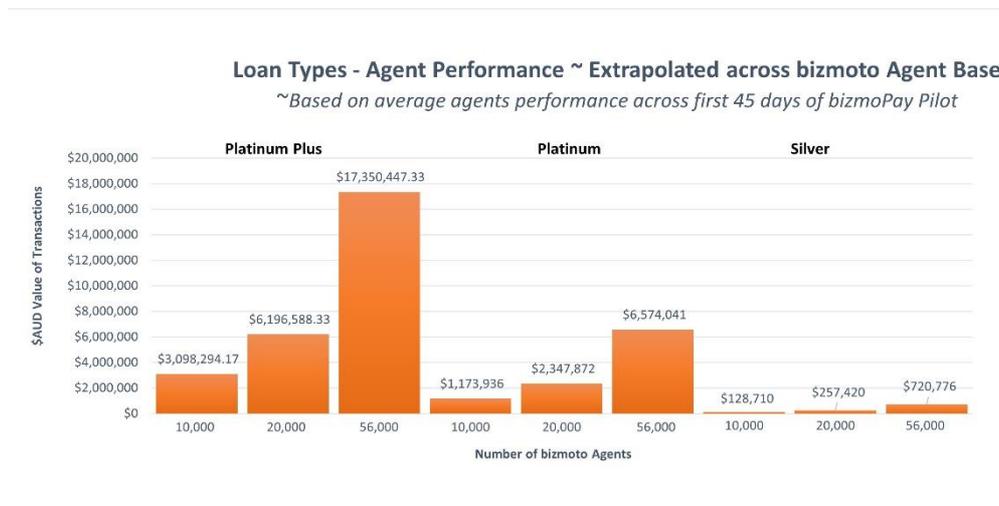
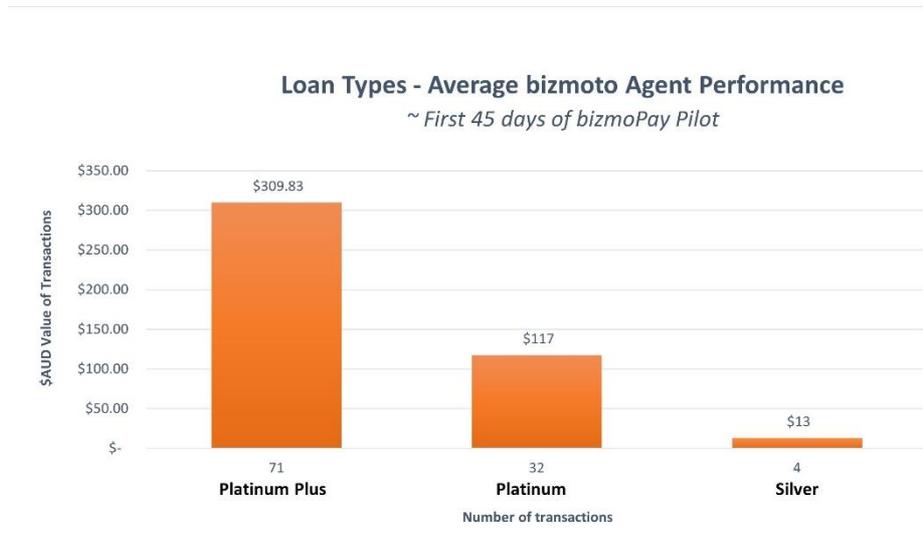
Based on data analysis from the first 45 days of the pilot program, loan recipients on average increased their transactional volume by approximately eight-times across the bizmoto ecosystem of services. Several agents significantly outperformed the average transactional volume during the first 45-day pilot period, including 20 agents who performed more than 50 transactions, five agents who completed more than 100 transactions and one agent who undertook more than 250 transactions.

Three different loan products were offered to selected agents -, Platinum Plus, Platinum and Silver - which yielded significantly different results in terms of transactional volumes and values across the first 45 days. On average, the total number of bizmoPay loan recipients completed 13 transactions during the first 45 days of the bizmoPay pilot program and processed \$1 per day in transactional value.

The below tables represent (i) the average transactional value and volume across the first 45 days of the bizmoPay pilot program for the three different loan types and (ii) what the different average performance of each loan type would yield if applied across selected numbers of our registered bizmoto agent base.

The bizmoPay pilot program started with only the Platinum Plus and Platinum loan products, with the shorter term and lower value Silver bizmoPay loan product commencing trials in the last week of September. As such, no meaningful data has been collected for the Silver bizmoPay loans because they were issued towards the end of the 45-day pilot period.





The next commercial phase of bizmoPay, which is expected to be rolled-out next month, will allow bizmoPay loan recipients to apply for micro-loans via their bizmoto mobile App.

BizmoTinda

The bizmoTinda website has been improved to include multi-vendor customer and multi-vendor merchant functionality. The upgrade will enable bizmoTinda users to register as multiple vendors or multiple merchants - providing added exposure to an individual user.

Bank of Philippines (BPI) cash-in integration

Integration of the Bank of Philippines' cash-in system with the bizmoto platform will begin during Q4 2021, with the product expected to go 'live' later in 2021 or early 2022.



Cebuana Lhuillier's cash-in integration

The cash-in Application Programming Interface (API) that serves as the gateway for Cebuana Lhuillier to send funds to the bizmoto platform has been developed. Cebuana Lhuillier will now begin integration testing, with a projected 'go live' date later this year or early Q1 2022.

GCash's payments facilitator integration

The integration of the bizmoto platform with GCash as a payments' facilitator is underway and expected to be completed by November 2021. Integration testing with GCash will then be undertaken immediately, with a target launch by the end of December 2021. Once the GCash offer is live, bizmoto agents, riders and merchants will have exposure to approximately 46 million registered GCash users throughout the Philippines.

Electronic Money Issuer ("EMI") Licence

Peppermint has progressed its regulatory application process for an EMI licence through to Stage 2, of a three-stage process.

Post a successful stage 2 process, the Bangko Sentral ng Pilipinas ("BSP") will issue a "Letter of No Objection" which allows Peppermint to be registered as a Company with "EMI functionalities". Peppermint is then required to complete further documentation to qualify for Stage 3 and, subject to BSP approval, will be issued with an EMI licence.

An EMI licence provides the opportunity to facilitate any e-money transaction and service open-loop e-wallet accounts - providing all Filipino's, not just bizmoto agents, with a convenient and secure way to receive digital money and services such as interbank payments, transfers, and remittance.

Improved communications via a 'blog' newsroom

Peppermint launched a blog newsroom during the September Quarter with the aim of providing non-ASX sensitive information and news updates about Company activities to shareholders and other interested third parties. The Company also continued to optimise and update its website (www.pepltd.com.au) as well as communicate regularly on its social media platforms.

bizmoto operations

The COVID-19 pandemic continued to impact the Company's bizmoto operations during the September quarter, with stricter lockdown measures imposed in Metro Manila and some other areas due to escalating cases of the COVID-19 Delta variant. The stricter lockdowns have disrupted consumer spending and adversely impacted many segments of commercial business.

Despite the impacts caused by COVID-19 restrictions, the Company did increase its number of registered agents to 56,605 during the September Quarter, as well as the number of bizmoGo riders (to 672) and Merchants (to 747).

The Company executed a direct marketing campaign around bizmoPay during the September Quarter, introducing the concept of a "Planet bizmoto" community among its agents. The objectives of the "Planet bizmoto" community are to experience unique value, be loyal to the brand and transact frequently.





Examples of bizmoto's target marketing campaign (above and below)



Collaboration with BancNet on Mobile Banking Solution (MBS)

We continue our work with BancNet and its member banks with the Mobile Banking Solution for Partner Rural Bank planned to go 'live' in early November. Development of the MBS Phase 2 features such as bills payment and eload will occur during the next few months, with a projected launch date in February 2022.

Integration of the Bank of Florida and BancNet should be completed by the end of November 2021 after which Peppermint and the Bank of Florida are expected to begin customising and testing the MBS.



The Banko Mabuhay is integrating with the BancNet outsourcing switch to connect to Peppermint's MBS. The integration with BancNet should be completed by Q1 2022, followed by MBS integration.

Co-Operative Business Partners

The current schedule of work for the MASS-SPECC Mobile Banking Service (MBS) program has been deferred to 2022 as part of MASS-SPECC's program.

The CHMF testing of the HMO Coordinator web tool remains ongoing, with completion expected in Q4 2021. Other enhancements to the accounting system and telemedicine have been deferred.

Corporate

An Appendix 4C detailing expenditure for the September 2021 Quarter is accompanying this Quarterly Activities Report and Operational Update.

Payments to related parties totalling \$179,000 were paid during the September Quarter for directors' fees, executive remuneration and pension / superannuation benefits.

Expenditure from 1 June 2021 to 30 September 2021 is consistent with the use of funds detailed in its prospectus of 29 January 2021 and is detailed below:

	<i>('000,000s)</i>	
Use of Proceeds under Prospectus	Funds allocated under Prospectus dated 29/01/2021	Funds expended between 01/01/2021 and 30/09/2021
Bizmoto Platform roll out and working capital	901	1,482
Bizmoto Platform sales and marketing campaign	450	210
Bank deposit required to underwrite services offered on the Platform	350	337
bizmoPay Loan Book	600	16
Costs of the offer	199	212
Total	2,500	2,257
Funds received from the exercise of options		(1,865)
Net funds (generated) between 1 June 2021 and 30 September 2021		392

Cash at 1 January 2021	253
Net funds generated between 1 January 2021 and 30 September 2021	(392)
Release of restricted cash	344
Funds received from placement of shares	2,500
Cash at 30 September 2021	2,705



Current COVID-19 situation in the Philippines

As of 21 October 2021, a total of 2,735,369 confirmed COVID-19 cases and 40,977 deaths have been reported in the Philippines.¹

The Government of the Philippines has advised that strict COVID-19-related restrictions will remain in place across the Philippines up to 31 October, which means many Filipinos are not allowed out of their homes unless they are accessing essential goods and services or going to work in permitted offices or establishments.²

The past and ongoing impact of COVID-19 on Peppermint's bizmoto operations has been significant.

1. Ref: World Health Organisation COVID-19 Situation Report #87

2. Ref: <https://www.covid19.gov.ph/security/mecq>

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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	472	472
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(416)	(416)
(c) advertising and marketing	(27)	(27)
(d) leased assets	-	-
(e) staff costs	(330)	(330)
(f) administration and corporate costs	(429)	(429)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
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	(731)	(731)
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 (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	(16)	(16)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – release of restricted cash	344	344
2.6	Net cash from / (used in) investing activities	328	328

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	3,108	3,108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(731)	(731)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	328	328

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	2,705	3,108

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	2,695	3,098
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)	2,705	3,108

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
179
-

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)	(731)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,705
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,705
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.7

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: 25 October 2021

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.