



(ACN 125 931 964)

Annual Financial Report
for the Year Ended 30 June 2022

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Company Directory

ABN 56 125 931 964

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Executive Director

Neal Cross
Non-executive Director

Company Secretary

Mr Anthony Kain

Solicitors

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16 Milligan Street
Perth WA 6000

Registered Office

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Share Registry

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Web: www.computershare.com.au

Auditors

RSM Australia Partners
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2 The Esplanade
Perth WA 6000

Directors' Report

Your Directors submit the financial report of Peppermint Innovation Limited (the Company or Peppermint), and the entities it controlled (the Group), for the year ended 30 June 2022.

1. Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

Name, qualifications, independence status and special responsibilities

Experience

Mr Anthony Kain (*BJuris, LLB*)
Chairperson
Executive Director
Company Secretary
 Appointed 4 December 2015

Anthony has over 20 years' experience working in Australian capital markets. He has played a key role in the formation of numerous privately owned and publicly listed companies and has an in-depth understanding of intellectual property and its commercialisation. Anthony also has considerable experience as a director having held managing director, director and legal counsel roles with Australian Stock Exchange listed companies operating foreign assets.

Anthony has held advisory roles in capital raising, joint ventures and mergers and acquisitions through his exposure to a diverse range of international and national development opportunities working with technical teams primarily in the energy, motor vehicle and resources sectors.

Listed company directorships in the past 3 years: None

Mr Christopher Kain (*B Comm, MBA*)
Managing Director and CEO
 Appointed 4 December 2015

Christopher is a practiced company director with 18 years experience in finance services, investment markets and corporate management with a proven capability to identify business opportunities and executing commercial strategies for the benefit of both stakeholders and investors. Christopher has specific expertise in investment evaluation, public and private capital raising programs, debt funding strategies and, project development and financing.

Christopher has held advisory and development roles with institutions such as Barclays Capital and Credit Suisse First Boston in London, National Australia Bank and Macquarie Bank in Australia where he worked across institutional, wholesale and retail investment and financial markets.

Listed company directorships in the past 3 years: None

Mr Neal Cross
Independent Non-executive Director
 Appointed 24 March 2022

30+ years' working in technology and innovation roles including executive positions at Microsoft, Mastercard and DBS Bank.
 Multi global award winning innovator – voted world's most disruptive CIO/CTO by Steve Wozniak and Sir Richard Branson.
 Well versed in innovation 2 practices and digital & cultural transformation.

Listed company directorships in the past 3 years: None

Mr Matthew Cahill
Independent Non-executive Director
 Appointed 4 December 2015
 Resigned 24 March 2022

Matthew is an accomplished technical director with experience in the Web industry working across a broad range of technologies. He has been involved in roles such as management, strategy, team lead, business analysis, application architecture and development.

As technical director at Vivid Group (now Isobar of Dentsu Aegis Network), Matthew has worked with some of Australia's largest brands, including Sunbeam, JB HiFi, Echo Entertainment, Fusion Retail Brands, Coates Hire

Directors' Report

and many more. Matthew's responsibilities included guiding the technical direction of the company, along with leadership of the large development teams that spanned multiple disciplines and technologies.

Listed company directorships in the past 3 years: None

2. Company Secretary

The company secretary is Anthony Kain. Details are disclosed in director information.

3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Anthony Kain	4	4
Christopher Kain	4	4
Neal Cross (appointed 24 March 2022)	2	2
Matthew Cahill (resigned 24 March 2022)	2	2

4. Principal Activities

Peppermint Innovation Limited is an Australian company focused on the commercialisation, deployment and development of the proprietary Peppermint Platform, a white label mobile App banking platform and mobile App micro enterprise platform that offers payments, remittance, delivery and logistics and ecommerce services to the Philippines market with the aim of creating financial inclusion for the Filipino people who otherwise might not have access to these services. Peppermint currently operates the commercially proven and deployed Peppermint Platform by providing white label mobile App banking platforms to the Philippines banking sector, and by providing mobile App micro enterprise services via its own "bizmoto" agent network as well as through other third-party non-bank networks ("bizmoto" meaning "my business" in Filipino).

The bizmoto brand is emerging and Peppermint is firmly focused on its growth through the ongoing development and deployment across four fundamental business sectors covered by the Peppermint Platform namely:

- Payments;
- Delivery & Logistics;
- E-Commerce; and
- Financial Services

The Philippines is an attractive market for Peppermint where 70% of its 108 million people are unbanked and the average age is 24. 90% of the population do not have a credit score and there are approximately 118 mobile phones for every 100 people. In this market the predominant way of doing business is with cash with an estimated US\$920 Billion in annual payment value across the four business sectors Peppermint is focused on. Unfortunately, cash is an aging payment form which results in significant cash leakage and locks the cash buyer out of the rapidly expanding and convenient world of ecommerce and services (which is even more important in today's Covid 19 affected world).

The Groups's mission is to give members of this unsupported Filipino community a "hand up by:

- providing access to financial tools on a digital platform via App on their mobile phone;
- enabling them to make payments and access services online without use of a bank or credit card;

Directors' Report

- providing them with a platform to conduct business on a scale they can deal with and earn from; and
- building an alternative path to finance to be accessed and repaid automatically through the App.

The Group has developed and deployed the App and Platform under the brand name “Bizmoto” (meaning “my business” in Filipino) via which a local Filipino agent or his customer can access eCommerce, delivery and logistics (where accredited riders are available on-demand), make bill payments, make cash transfers, e-load mobile phones, or make QR code payments to purchase products, all via the Bizmoto App and connected Bizmoto wallet on the registered agents mobile phone. In addition, The Group is now working to add micro-enterprise lending and non-bank financial services to its expanding network of agents and riders which will provide further impetus for Bizmoto (an ecosystem of services readily scalable and targeted at developing world countries in the ASEAN region).

Accomplishments and Awards:

- The Group is an established mobile banking app technology provider in the Philippines, already providing a white-label mobile banking and payments app with a tier-1 major Filipino bank.
- The Group has a long-standing, respected and continuing engagement with the Central Bank of the Philippines and major regulatory bodies.
- The Group is the chosen technology partner and mobile banking platform provider for the largest interbank network and single ATM switch operator in the Philippines – Banknet to whose members The Group is now starting to provide a mobile banking solution.
- In 2019 The Group was chosen by a panel of experts in Washington DC as one of the inaugural “Inclusive Fintech 50” (early-stage Fintech companies that demonstrated the power of financial technology to expand access, usage and quality of financial services in advanced and emerging markets) from 600 eligible worldwide (www.inclusivefintech50.com).

No significant change in the nature of these activities occurred during the year.

5. Operating and financial review

Overview for the year

Highlights for the year were:

- Electronic Money Issuer ("EMI") licence granted by the Central Bank of the Philippines in one of the biggest regulatory milestones ever achieved by the Company;
- EMI licence allows e-wallet services to be delivered via the bizmoto mobile App to any Filipino - not just bizmoto agents;
- EMI licence significantly expands opportunity to reach micro-entrepreneurs and provide digital payments for their businesses, as well as helping facilitate strategic partnerships with global leaders in digital payments;
- Launched bizmoPay - an alternative non-bank micro-enterprise loan offering - after being granted a financial licence by the Philippines Securities Exchange
- Increased numbers of registered bizmoto agents to 56,605, bizmoGo riders to 672 and Merchants to 747
- Enhanced bizmoTinda website to include multi-vendor customer and multi-vendor merchant functionality
- 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
- Placed A\$5million shares at 2 cents each, with strong support from existing and new investors

Directors' Report

- Pivoted marketing campaigns for bizmoto and bizmoPay offerings to focus on digital assets due to ongoing lockdowns and travel restrictions in the Philippines caused by COVID-19
- bizmoto user platform technically refined to allow third parties to empower InstaPay and PesoNet settlement functionality which are required to cater for planned EMI pilot program;
- Financial education platform being developed to improve financial literacy and wellbeing of bizmoto agents and local Filipino community;
- Went 'live' with the Bank of Philippines ("BPI") "cash-in" offering via the bizmoto platform;
- Went 'live' with some of the largest and most reliable online payment gateway platforms in the Philippines - DragonPay and PayMaya - providing bizmoto agents with mobile wallet 'cash-in' or 'top-up' functionality via DragonPay and PayMaya
- Integration of "cash-in" offering with Cebuana Lhuillier and ECPay expected to go 'live' soon;
- bizmoto App adopted fully automated Know-Your-Customer and facial recognition software;
- Online loan application process being refined to facilitate continued bizmoPay growth;
- Continued delivering targeted digital and physical marketing campaigns for new products and new agents throughout the Philippines, resulting in a five per cent increase in the total number of registered bizmoto agents;
- Peppermint named one of the "Financial Times" 2022 Top 500 Asia-Pacific High-Growth Companies and
- Removed all convertible note debt from the Company balance sheet.

COVID-19

Beginning in February 2020, governments worldwide issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response to this travel was ceased for all employees. The Group however continued to operate at full capacity including enacting necessary precautions for essential staff attending offices in accordance with local restrictions, which also included some staff working from home at times.

The COVID-19 pandemic is a new risk to human health and is a concern the Company's Board takes seriously and is confident appropriate procedures are in place to navigate the Group through this period.

Shareholder returns

	2022	2021	2020	2019	2018
Net loss for the year	(3,593,844)	(2,833,209)	(1,691,500)	(2,142,786)	(1,743,348)
Earnings per share (cents)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Net assets / (liabilities)	5,091,998	2,663,607	(988,458)	(1,119,645)	(5,103)
Share price	\$0.009	\$0.016	Suspended from the ASX	\$0.012	\$0.025

Directors' Report

Investments for future performance

The main expense item for the Company is its human resources, which have continued to focus on the four business focuses that have emerged from the Company's operations and evolution over the last year. They are:

1. Payments;
2. Delivery & Logistics;
3. E-Commerce; and
4. Financial Services;

all utilising the Peppermint technology platform.

All areas are expected to grow with continued marketing, agent and merchant sign up and product development over the year ahead.

Review of financial condition

The Company had \$5,574,339 cash at bank as at 30 June 2022.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

6. Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

7. Significant events after balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group intends to continue to develop its four business divisions via organic growth and strategic acquisitions.

9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Report

10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of performance rights
Anthony Kain	93,991,416	15,000,000
Christopher Kain	110,325,322	15,000,000
Neal Cross	-	(i)

- (i) The Company has, subject to shareholder approval, agreed to issue 1,500,000 performance rights to Mr Cross.

11. Share options

The following is a summary of option movements during the period:

Listed/ Unlisted	Expiry Date	Exercise Price	Notes	Opening balance	Issued	Converted	Expired	Closing
Unlisted	31/12/2021	\$0.010		20,000,000	-	(20,000,000)	-	-
Unlisted	18/02/2024	\$0.015		20,000,000	-	(20,000,000)	-	-
Unlisted	18/02/2024	\$0.025		20,000,000	-	-	-	20,000,000
Unlisted	30/06/2024	\$0.020	(i)	-	2,500,000	-	-	2,500,000
Unlisted	30/06/2024	\$0.025	(i)	-	2,500,000	-	-	2,500,000
Unlisted	30/06/2024	\$0.030	(i)	-	2,500,000	-	-	2,500,000
Unlisted	30/06/2024	\$0.040	(i)	-	2,500,000	-	-	2,500,000
Listed	30/06/2023	\$0.030	(ii)	-	115,764,110	(25,000)	-	115,739,110
Unlisted	30/03/2025	\$0.015	(i)	-	20,000,000	-	-	20,000,000
Total				60,000,000	145,764,110	(40,025,000)	-	165,739,110
Weighted average exercise price				\$0.017	\$0.028	\$0.013		\$0.028

- (i) Issued to consultants as part of their remuneration

- (ii) Options attaching to placements, including a short dated bonus option issued to shareholder

Options not exercised by the expiry date will lapse.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Since the end of the financial year the Company has not issued any shares as a result of the exercise of options.

12. Performance rights

The following performance rights were issued during the 2022 year:

Grant Date	Vesting Condition	Number (i)
28/2/2022	Tranche A: To be awarded when the Company achieves \$4m annual revenue based on audited/reviewed financial reports on or before 30 June 2023	18,700,000
28/2/2022	Tranche B: To be awarded when the Company achieves Breakeven as validated against audited/reviewed financial reports on or before 30 June 2024	18,200,000
28/2/2022	Tranche C: To be awarded when the Company achieves \$1m net income/profit as validated against audited/reviewed financial reports on or before 30 June 2025	18,200,000

Directors' Report

- (i) The Company has, subject to shareholder approval, agreed to issue 1,500,000 performance rights to director, Mr Cross.

13. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

14. Auditor Independence and Non-Audit Services

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

15. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards

16. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peppermint Innovation Limited for the year ended 30 June 2022 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA

Dated: 30 September 2022

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Directors' Report - Remuneration report (audited)

This remuneration report for the financial year ended 30 June 2022 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

Individual key management personnel disclosures

Details of KMPs of the Company and Group are set out below:

Key management personnel

(i) Directors

Mr Anthony Kain	Chairman, Executive Director, Company Secretary, appointed 4 December 2015
Mr Christopher Kain	Managing Director and CEO, appointed 4 December 2015
Mr Matthew Cahill	Non-Executive Director, 4 December 2015 to 24 March 2022
Mr Neal Cross	Non-Executive Director, appointed 24 March 2022

(ii) Executives

None

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Performance Shares of key management personnel
- F. Other transactions and balances with Key Management Personnel

Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Directors' Report - Remuneration report (audited)

Variable Remuneration

The Group does not currently have a variable component to the remuneration of the board and management, however, the Group intends to introduce a variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 30 June 2022 is detailed below.

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and

Directors' Report - Remuneration report (audited)

- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Structure

The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

Use of remuneration consultants

The Group did not use the services of remuneration consultants.

Objective of the remuneration committee

The Company did not have a remuneration committee during the year.

Voting and comments made at 2021 Annual General Meeting

All resolutions at the 2021 Annual General Meeting were passed by poll.

Overview of Group performance

The performance of the Group is detailed in the Directors' Report.

There is no link between remuneration and performance.

Directors' Report - Remuneration report (audited)

A. Details of remuneration

Year ended 30 June 2022

Directors	Salary & Fees	Non-monetary benefits (i)	Post employment benefits	Share-based payments (v)	Total	Performance Related
Mr Anthony Kain	341,572 ⁽ⁱⁱ⁾	18,992	34,157	27,154	421,875	119,931
Mr Christopher Kain	452,816 ⁽ⁱⁱⁱ⁾	25,056	42,881	27,154	547,907	150,244
Mr Matthew Cahill (retired 24 March 2022)	31,759 ^(iv)	1,758	3,017	2,715	39,249	4,365
Mr Neal Cross (appointed 24 March 2022)	31,500	1,681	1,750	-	34,931	-
Totals	857,647	47,487	81,805	57,023	1,043,962	274,540

Compensation is stated on an accruals basis.

(i) Comprises of directors and officers' insurance.

(ii) Includes bonuses of \$84,343

(iii) Includes bonuses of \$111,900

(iv) Includes bonuses of \$1,500

(v) Represents an apportionment of the value of the underlying shares from grant date to the expected date of achievement of the performance hurdle. The actual benefit, if received, may differ materially.

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Nomination and Remuneration Committee.

Year ended 30 June 2021

Directors	Salary & Fees	Non-monetary benefits (i)	Post employment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain	200,000	13,387	19,000	-	232,387	-
Mr Christopher Kain	265,000	17,737	25,175	-	307,912	-
Mr Matthew Cahill	30,000	2,008	2,850	-	34,858	-
Totals	495,000	33,132	47,025	-	575,157	-

Compensation is stated on an accruals basis.

(i) Comprises of directors and officers' insurance.

Directors' Report - Remuneration report (audited)

B. Service agreements

Agreements with Executives

The Company entered into employment contracts with Christopher Kain (as Chief Executive Officer / Managing Director) and Anthony Kain (as General Counsel and Company Secretary).

The material terms of the employment agreements are as follows:

- (a) Remuneration:
 - i. *Anthony Kain* - \$221,000 per annum plus statutory superannuation (currently 10%, 10.5% from 1 July 2022); and
 - ii. *Christopher Kain* - \$293,000 per annum plus statutory superannuation (currently 10%, 10.5% from 1 July 2022).
- (b) Annual review: performance reviewed on an annual basis with the possibility of a performance and CPI based remuneration adjustments.
- (c) Termination: either party may give the other 12 months' notice, in which the case the Company may make a payment in lieu of notice. In the event of misconduct, the Company may terminate employment without notice.
- (d) Standard employment terms and conditions.

Agreements with Non-Executive directors

The Company has entered into director and consultancy services agreements with Mathew Cahill (together with Digital Data Consulting Pty Ltd, an entity controlled by Mathew Cahill). The material terms of the agreement are as follows:

- (a) Director's fees: director's fees at the rate of \$30,000 per annum plus superannuation together with:
 - an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director; and
 - reimbursement for out of pocket expenses incurred as a result of engagement as a director.
- (b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

The Company has entered into director and consultancy services agreements with Neal Cross (together with Cross Innovation Pty Ltd, an entity controlled by Neal Cross). The material terms of the agreement are as follows:

- (a) Director's fees: director's fees at the rate of \$36,000 inclusive of superannuation together with:
 - an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director; and
 - reimbursement for out of pocket expenses incurred as a result of engagement as a director.
- (b) Consulting fees of \$7,000 per month, with Cross Innovation Pty Ltd.
- (c) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

Directors' Report - Remuneration report (audited)

C. Share-based compensation

Compensation shares, performance rights and options – granted and vested during the financial year 2022

55,100,000 performance rights were granted as compensation during the 2022 year as follows:

Grant Date	Vesting Condition	Number (i)	Assumed Probability of Achievement	Fair value vesting over period
28/2/2022	Tranche A: To be awarded when the Company achieves \$4m annual revenue based on audited/reviewed financial reports on or before 30 June 2023	18,700,000	100%	205,700
28/2/2022	Tranche B: To be awarded when the Company achieves Breakeven as validated against audited/reviewed financial reports on or before 30 June 2024	18,200,000	100%	200,200
28/2/2022	Tranche C: To be awarded when the Company achieves \$1m net income/profit as validated against audited/reviewed financial reports on or before 30 June 2025	18,200,000	100%	200,200
		55,100,000		606,100

- (i) The Company has, subject to shareholder approval, agreed to issue 1,500,000 performance rights to director, Mr Cross.

2021

No shares, options nor performance rights were granted as compensation during the 2021 year.

D. Share holdings of key management personnel

30 June 2022	Balance at start of the financial year / date of appointment	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial year / date of retirement
Directors					
Mr Anthony Kain	93,991,416	-	-	-	93,991,416
Mr Christopher Kain	110,325,322	-	-	-	110,325,322
Mr Neal Cross (appointed 24 March 2022)	-	-	-	-	-
Mr Matthew Cahill (retired 24 March 2022)	6,437,768	-	-	-	6,437,768
Totals	210,754,506	-	-	-	210,754,506
30 June 2021	Balance at start of the financial year / date of appointment	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial year / date of retirement
Directors					
Mr Anthony Kain	93,991,416	-	-	-	93,991,416
Mr Christopher Kain	110,325,322	-	-	-	110,325,322
Mr Matthew Cahill	6,437,768	-	-	-	6,437,768
Totals	210,754,506	-	-	-	210,754,506

Directors' Report - Remuneration report (audited)

E. Performance Rights

<u>30 June 2022</u>	Balance at start of the financial year / date of appointment	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial year / date of retirement
Directors					
Mr Anthony Kain	-	15,000,000	-	-	15,000,000
Mr Christopher Kain	-	15,000,000	-	-	15,000,000
Mr Neal Cross (appointed 24 March 2022)	-	(i)	-	-	(i)
Mr Matthew Cahill (retired 24 March 2022)	-	1,500,000	-	-	1,500,000
Totals	-	31,500,000	-	-	31,500,000

- (ii) The Company has, subject to shareholder approval, agreed to issue 1,500,000 performance rights to director, Mr Cross.

F. Other transactions and balances with Key Management Personnel

In the prior year, unpaid directors' fees, salaries and superannuation totalling \$38,500 were accrued.

Apart from the above items and reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2022 (2021: Nil).

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:



Christopher Kain

Managing Director

Perth, 30 September 2022

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 \$	2021 \$
Revenue	4	1,312,760	1,938,359
Cost of sales		(1,246,013)	(1,758,987)
Gross profit		66,747	179,372
Other income	4	1,863	37,602
Administration expenses	4	(3,189,765)	(2,006,650)
Finance costs	4	(154,341)	(982,947)
Share based payment expense	5(a)	(318,348)	(60,586)
(Loss) before income tax		(3,593,844)	(2,833,209)
Income tax expense	6	-	-
(Loss) for the year		(3,593,844)	(2,833,209)
Other comprehensive (loss)			
<i>Items that may be reclassified to profit or loss:</i>			
- Nil		-	-
		-	-
Total comprehensive (loss) for the year		(3,593,844)	(2,833,209)
(Loss) for the year attributable to members of the parent entity		(3,593,844)	(2,833,209)
Total comprehensive (loss) for the year attributable to members		(3,593,844)	(2,833,209)
Basic and diluted loss per share (cents per share)	3	(0.20)	(0.20)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Consolidated 2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	7	5,574,339	3,112,411
Other financial assets - restricted cash	7	-	336,829
Trade and other receivables	8	178,097	92,317
Other assets		39,079	55,113
Total Current Assets		5,791,515	3,596,670
NON-CURRENT ASSETS			
Other non-current assets		28,219	-
Total Non-Current Assets		28,219	-
TOTAL ASSETS		5,819,734	3,596,670
CURRENT LIABILITIES			
Trade and other payables	9	418,444	353,799
Provisions	10	309,292	188,563
Financial liabilities	11	-	390,701
Total Current Liabilities		727,736	933,063
TOTAL LIABILITIES		727,736	933,063
NET ASSETS		5,091,998	2,663,607
EQUITY			
Issued capital	12	25,410,671	19,913,784
Accumulated losses		(21,034,021)	(17,702,715)
Reserves		715,348	452,538
TOTAL EQUITY		5,091,998	2,663,607

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated	
	Note	2022	2021
		\$	\$
Cash flows from Operating Activities			
Receipts from customers		1,234,049	2,021,165
Payments to suppliers and employees		(4,269,658)	(3,958,823)
Government grants		-	80,368
Interest received		1,863	102
Finance costs paid		(1,014)	(12,607)
Net cash (used in) operating activities	7(b)	<u>(3,034,760)</u>	<u>(1,869,795)</u>
Cash Flows from Investing Activities			
Application for finance licence		-	(336,829)
Refund of other financial assets - restricted cash		336,829	-
Net cash provided / (used in) by investing activities		<u>336,829</u>	<u>(336,829)</u>
Cash Flows from Financing Activities			
Issue of shares	12	5,549,366	5,270,000
Share issue expenses		(352,307)	(212,391)
Proceeds from borrowings		-	-
Loan repayments	11	<u>(37,200)</u>	<u>-</u>
Net cash provided by financing activities		<u>5,159,859</u>	<u>5,057,609</u>
Net increase in cash held		2,461,928	2,850,985
Cash at the beginning of the financial year		<u>3,112,411</u>	<u>261,426</u>
Cash at the end of the financial year	7(a)	<u>5,574,339</u>	<u>3,112,411</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Issued Capital	Convertible Note Reserve	Share Based Payment Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2021		19,913,784	262,538	190,000	(17,702,715)	2,663,607
Loss for the year		-	-	-	(3,593,844)	(3,593,844)
Total comprehensive loss for the year		-	-	-	(3,593,844)	(3,593,844)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued	12	5,000,000	-	-	-	5,000,000
Shares issued from the conversion of short-dated options	12	48,616	-	-	-	48,616
Shares issued upon options exercised	12	500,750	-	-	-	500,750
Share and convertible note issue expenses	12	(559,307)	-	207,000	-	(352,307)
Conversion of convertible notes	11	506,828	-	-	-	506,828
Convertible note reserve recycled to accumulated losses on shares being issued	11	-	(262,538)	-	262,538	-
Issue of performance rights		-	-	100,217	-	100,217
Issue of options		-	-	218,131	-	218,131
Balance at 30 June 2022		25,410,671	-	715,348	(21,034,021)	5,091,998
		Issued Capital	Convertible Note Reserve	Share Based Payment Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2020		13,679,095	1,001,343	284,000	(15,952,896)	(988,458)
Loss for the year		-	-	-	(2,833,209)	(2,833,209)
Total comprehensive loss for the year		-	-	-	(2,833,209)	(2,833,209)
<i>Transactions with owners in their capacity as owners</i>						
Shares issued		3,405,000	-	-	-	3,405,000
Shares issued upon options exercised		1,865,000	-	-	-	1,865,000
Share and convertible note issue expenses		(402,391)	-	190,000	-	(212,391)
Conversion of convertible notes		1,367,080	-	-	-	1,367,080
Convertible note reserve recycled to accumulated losses on shares being issued		-	(738,805)	-	738,805	-
Share based payment reserve recycled to accumulated losses on expiry of options		-	-	(284,000)	284,000	-
Cancellation of options		-	-	-	60,585	60,585
Balance at 30 June 2021		19,913,784	262,538	190,000	(17,702,715)	2,663,607

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Peppermint Innovation Limited (the Company) is an Australian company incorporated on 24 July 2014. On 4 December 2015, the Company listed on the Australian Securities Exchange.

The principal activities of the Group (the Company and its controlled entities) were the development and commercialisation of its mobile banking, payment and remittance platform.

(a) Basis of Preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 30 September 2022.

Basis of measurement

The financial report has also been prepared under the historical cost convention.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Peppermint Innovation Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Peppermint Innovation Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) New or amended Accounting Standards and Interpretations adopted

New standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes or Trinomial Option Pricing Model.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(e) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent

events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(i) Intangible assets

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure so capitalised is amortised over the period of expected benefit from the related project on a straight line basis.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Licences

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Disposals

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(j) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against

which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ('GST') except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or services to the customer. The liability is the Group's obligation to transfer goods or services to a customer from which it has received consideration.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost or fair value. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Borrowing costs cease to be capitalised upon the earlier of extinguishment of the liability or the commencement of commercial production from the qualifying asset.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating long service leave are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(p) Share-based payment transactions

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and

new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(s) Foreign currency translation

The financial statements are presented in Australian dollars, which is Peppermint Innovation Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(t) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(u) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(v) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(w) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment: 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(x) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(y) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(z) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(aa) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(bb) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(cc) Employee benefits

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(dd) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

(ee) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. SEGMENT REPORTING

The Group operates predominantly in the mobile banking, payment and remittance industry. For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- mobile banking and payment services, presently operating in the Philippines;
- international remittances, recently established from Australia; and
- corporate and head office.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

Peppermint Innovation Limited

Year Ended 30 June 2022	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	1,312,760	-	-	1,312,760	-	1,312,760
Inter-segment	-	-	-	-	-	-
Total revenue	1,312,760	-	-	1,312,760	-	1,312,760
Income/(expenses)						
Depreciation and amortisation	-	-	-	-	-	-
Segment profit	(540,621)	(2,189)	(3,051,034)	(3,593,844)	-	(3,593,844)
Total assets	286,344	1	8,466,689	8,753,034	(2,933,300)	5,819,734
Total liabilities	2,367,255	605,026	724,648	3,696,928	(2,933,300)	727,736

Year Ended 30 June 2021	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	1,938,359	-	-	1,938,359	-	1,938,359
Inter-segment	-	-	-	-	-	-
Total revenue	1,938,359	-	-	1,938,359	-	1,938,359
Income/(expenses)						
Depreciation and amortisation	-	-	2,581	2,581	-	2,581
Segment profit	(379,189)	(1,247)	(2,452,773)	(2,833,209)	-	(2,833,209)
Total assets	186,155	7,690	5,762,827	5,956,672	(2,360,002)	3,596,670
Total liabilities	1,939,312	610,526	743,227	3,293,065	(2,360,002)	933,063

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. Inter-segment revenues are eliminated on consolidation.

Sales to customers which represent over 10% of revenue, all within the Mobile Banking and Payment Services segment, were as follow:

	2022	2021
	\$	\$
Customer 1	472,081	948,943
Customer 2	448,550	-
Customer 3	187,490	541,732

Geographical information

	Sales to external customers		Geographical non-current assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Australia	-	-	-	-
Philippines	1,312,760	1,938,359	28,219	-
	<u>1,312,760</u>	<u>1,938,359</u>	<u>28,219</u>	<u>-</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

3. LOSS PER SHARE

	2022	2021
	\$	\$
Basic and diluted loss per share (cents per share)	(0.20)	(0.20)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(3,593,844)	(2,833,209)
Weighted average number of shares outstanding during the year used in the calculations of basic loss per share:	1,869,058,778	1,254,272,043

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

4. RESULT FOR THE YEAR

	2022	2021
	\$	\$
Revenue from contracts with customers		
Transaction revenue – Ecommerce revenue	1,303,615	1,873,122
Project revenue	9,145	65,237
	<u>1,312,760</u>	<u>1,938,359</u>
Other income		
Government grants	-	37,500
Interest income	1,863	102
	<u>1,863</u>	<u>37,602</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Mobile Banking and Payment Services	International Remittance	Total
30 June 2022			
<i>Major product lines</i>			
ELoad sales	1,267,981	-	1,267,981
Software development services	9,145	-	9,145
System usage fees and commissions	35,634	-	35,634
	<u>1,312,760</u>	<u>-</u>	<u>1,938,359</u>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time	1,267,981	-	1,267,981
Services transferred at a point in time	35,634	-	35,634
Services transferred over time	9,145	-	9,145
	<u>1,312,760</u>	<u>-</u>	<u>1,938,359</u>

	Mobile Banking and Payment Services	International Remittance	Total
30 June 2021			
<i>Major product lines</i>			
ELoad sales	1,854,144	-	1,854,144
Software development services	65,237	-	65,237
System usage fees and commissions	18,978	-	18,978
	<u>1,312,760</u>	<u>-</u>	<u>1,938,359</u>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time	1,854,144	-	1,854,144
Services transferred at a point in time	18,978	-	18,978
Services transferred over time	65,237	-	65,237
	<u>1,312,760</u>	<u>-</u>	<u>1,938,359</u>

	2022	2021
	\$	\$
Administration costs		
Audit fees	57,858	53,833
Expected credit loss	17,640	-
Consulting fees	345,122	150,636
Depreciation and amortisation	275	2,581
Directors' fees and consulting remuneration	939,452	450,475
Employee expenses	830,089	558,199
Insurance	47,466	33,132
Investor relations	311,821	124,052
Legal fees	84,386	154,417
Rent	64,748	56,920
Share registry fees	21,998	31,088
Stock exchange fees	78,485	35,930
Sundry expenses	390,425	352,312
Travel	-	3,076
	<u>3,189,765</u>	<u>2,006,650</u>
	2022	2021
	\$	\$
Finance costs		
Notional and accrued interest on convertible notes	153,327	970,340
Other	1,014	12,607
	<u>154,341</u>	<u>982,947</u>

Finance costs includes all interest-related expenses.

5. SHARE BASED PAYMENTS

(a) Options Issued

2022:

The following options were issued during the year:

Number	Grant Date	Exercise Price	Expiry Date	Comments
2,500,000	1 Nov 2021	\$0.02	30 Jun 2024	Granted to a consultant as part of their remuneration
2,500,000	1 Nov 2021	\$0.025	30 Jun 2024	
2,500,000	1 Nov 2021	\$0.03	30 Jun 2024	
2,500,000	1 Nov 2021	\$0.04	30 Jun 2024	
85,764,110	Dec 2021	\$0.03	30 Jun 2023	Attaching options to placements
30,000,000	25 Nov 2021	\$0.03	30 Jun 2023	Broker options
20,000,000	29 Mar 2022	\$0.015	30 Mar 2025	Granted to a consultant as part of their remuneration
145,764,110				

A share based payment expense of \$318,348 has been recognised.

2021:

15,000,000 options exercisable at \$0.01 on or before 31 March 2021 were granted to the former holder of a convertible note, and 20,000,000 options exercisable at \$0.015 on or before 18 February 2024 and 20,000,000 options exercisable at \$0.025 on or before 18 February 2024 which were issued to the broker who arranged a placement of 250,000,000 shares at \$0.01 per share. A share based payment expense of \$60,586 has been recognised.

(b) Performance Rights Issued

The following performance rights were issued during the 2022 year:

Grant Date	Vesting Condition	Number (i)
28/2/2022	Tranche A: To be awarded when the Company achieves \$4m annual revenue based on audited/reviewed financial reports on or before 30 June 2023	18,700,000
28/2/2022	Tranche B: To be awarded when the Company achieves Breakeven as validated against audited/reviewed financial reports on or before 30 June 2024	18,200,000
28/2/2022	Tranche C: To be awarded when the Company achieves \$1m net income/profit as validated against audited/reviewed financial reports on or before 30 June 2025	18,200,000
		55,100,000

- (i) The Company has, subject to shareholder approval, agreed to issue 1,500,000 performance rights to director, Mr Cross.

No performance rights were issued during the 2021 year.

6. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

2022 **2021**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

Peppermint Innovation Limited

	\$	\$
Accounting loss before tax	(3,593,844)	(2,833,209)
Income tax benefit at 25% (2021: 25%)	898,461	708,302
Unrecognised tax losses	(898,461)	(708,302)
Income tax expense	<u>-</u>	<u>-</u>

(c) Unrecognised deferred tax balances

	2022 \$	2021 \$
Tax losses at 25% (2021: 25%)	(3,573,193)	(2,725,511)
<i>Deferred tax asset not booked</i>		
Accrued liabilities	(30,535)	(17,224)
Provision for annual and long service leave	(77,323)	(47,141)
Prepayments	751	751
Blackhole deductions	-	(25,554)
Net unrecognised deferred tax assets at 25% (2021: 25%)	<u>(3,680,300)</u>	<u>(2,814,679)</u>

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(j) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(j) are satisfied.

The Group has \$14,292,774 (2021: \$11,007,284) tax losses arising in Australia and that are available indefinitely for offset against future profit of the Group in which the losses arose.

7. CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS

	2022 \$	2021 \$
Cash at bank	5,574,339	3,112,411
	<u>5,574,339</u>	<u>3,112,411</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	2022 \$	2021 \$
Other financial assets - restricted cash	-	336,829
	<u>-</u>	<u>336,829</u>

Restricted cash comprises of a deposit paid for the application of a finance licence. Upon grant of the licence the cash became available for use in the business.

(a) Reconciliation to the Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	2022 \$	2021 \$
Cash and cash equivalents	<u>5,574,339</u>	<u>3,112,411</u>

(c) Commitments

The Company does not have any commitments as at reporting date.

17. COMMITMENTS

The Group did not have any contractual commitments to capital expenditure not recognised as liabilities at 30 June 2022.

18. CONTINGENT LIABILITIES

There are no contingent assets nor liabilities.

19. AUDITORS' REMUNERATION

	2022	2021
	\$	\$
Amounts received or due and receivable by the auditors for:		
- Auditing or reviewing the financial report (RSM Australia Partners)	49,832	46,500
- Auditing of one of the subsidiary companies (Reyes Tacandong & Co)	8,026	7,333
	<u>57,858</u>	<u>53,833</u>

20. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	2022	2021
	\$	\$
Financial Assets:		
Cash and cash equivalents	5,574,339	3,112,411
Restricted cash	-	336,829
Trade and other receivables	178,097	92,317
Other assets	39,079	55,113
	<u>5,791,515</u>	<u>3,596,670</u>
Financial Liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	418,444	353,799
- Convertible notes and loans	-	390,701
	<u>418,444</u>	<u>744,500</u>

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

Interest rate risk

The Group is not exposed to any material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group does not have any material credit risk exposure to any single receivable under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for liabilities as well as cash outflows for day-to-day operations.

The Group's liabilities have contractual maturities which are summarised below:

	Within 1 year		1 to 5 years		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Trade and other payables	418,444	353,799	-	-	418,444	353,799
Convertible notes and loans	-	390,701	-	-	-	390,701
Total	418,444	744,500	-	-	418,444	744,500

Foreign currency risk

The Group earns revenues and incurs expenses in Philippines Pesos (PHP). As such, the Group is subject to foreign exchange risk arising from fluctuations between the PHP and AUD.

At 30 June 2022, the Group had the following exposure to PHP foreign currency expressed in A\$ equivalents, which are not designated as cash flow hedges:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	334,356	93,511
Trade and other receivables	175,091	36,311
Other assets	39,079	55,113
Other non-current assets	28,219	-
	<u>576,745</u>	<u>184,935</u>
Financial Liabilities:		
Trade and other payables	263,997	149,543
	<u>263,997</u>	<u>149,543</u>

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in Note 12.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

Sensitivity analysis

The sensitivity effect of possible interest rate and foreign exchange rate movements have not been disclosed as they are not material.

Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the Company's accounting policies. All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, is described as follows:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of other financial instruments not measured at fair value

The carrying amounts of current assets and current liabilities are assumed to approximate their fair values due to their short-term nature.

21. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Christopher Kain
Managing Director

30 September 2022



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PEPPERMINT INNOVATION LIMITED**

Opinion

We have audited the financial report of Peppermint Innovation Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Revenue Refer to Note 4 in the financial statements	
Revenue for the year ended 30 June 2022 was \$1,312,760. The primary revenue source is the provision of mobile banking and payment services. Revenue was considered a key audit matter because it is a significant account balance in the statement of profit or loss and other comprehensive income and the process of revenue recognition involves multiple revenue streams for services or products rendered.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Obtaining an understanding of each of the revenue sources and the process for determining and recognising revenue; • On a sample basis, testing revenue recorded to supporting documentation; • Performing substantive analytical procedures on revenue transactions with reference to volume and fixed fees; • On a sample basis, testing the occurrence and completeness of transactions by comparison to supplier transactions reports to determine whether revenue had been recorded in the correct financial year; • Assessing the work performed by component auditors; and • Assessing the disclosures in the financial statements.

Key Audit Matter	How our audit addressed this matter
Share-based payment Refer to Note 5 and 12 in the financial statements	
During the financial year, the Group issued options and performance rights in accordance with AASB 2 <i>Share-based Payment</i>, recognising capital raising costs of \$207,000 and share based payment expenses of \$218,131 from the issue of options and recognising share based payment expenses of \$100,217 from the issue of performance rights: • 55,100,000 performance rights were granted with non-market vesting conditions. Management was required to assess the probability of achieving the non-market performance conditions attached to the rights. • 30,000,000 options were issued to lead managers (capital raising costs) and 30,000,000 options were issued as consideration for services rendered. We determined this to be a key audit matter due to the material amount of the share-based payment and the significant judgement involved in assessing the fair value of the transactions in accordance with AASB 2 <i>Share-based Payment</i>.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Reading the terms and conditions of the performance rights and options issued; • Obtaining the valuation models prepared by management and assessing whether the models were appropriate for valuing the performance rights and options; • Assessing management's estimate of the probability of achieving non-market performance conditions attached to performance rights; • Testing the mathematical accuracy of the computation and the apportioned expense over the vesting period; • Challenging the reasonableness of key assumptions used by management to value the options; and • Assessing the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Peppermint Innovation Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Al Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2022

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 July 2022.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

2,037,856,836 fully paid ordinary shares are held by 2,865 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

		Fully paid ordinary shares
1	– 1,000	50
1,001	– 5,000	125
5,001	– 10,000	72
10,001	– 100,000	1,401
100,001	and over	1,188
		<u>2,837</u>
		<u>1,093</u>
	Holding less than a marketable parcel	

(B) SUBSTANTIAL SHAREHOLDERS

Ordinary shareholders	Number	Percentage
CHRISTOPHER KAIN	110,325,322	5.41
	<u>110,325,322</u>	<u>5.41</u>

ASX ADDITIONAL INFORMATION (continued)

(C) TWENTY LARGEST SECURITY HOLDERS

Fully paid ordinary shares:

Rank	Name	Units	% Units
1	OHKA PTY LTD	107,250,214	5.28
2	CICAK PTY LTD	78,884,012	3.87
3	EAGLE BRILLIANT HOLDINGS LTD	57,247,355	2.81
4	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	50,268,166	2.47
5	LEGAL TOOLBOX PTY LTD <THE SMIDGE DIGITAL UNIT A/C>	50,000,000	2.45
5	OTIS DEVELOPMENTS PTY LTD	50,000,000	2.45
7	PEGG TWO PTY LTD <PEGG TWO UNIT A/C>	36,535,275	1.79
8	JONMEG PTY LTD	35,841,600	1.76
9	MR BRETT WILLIAM COMISKEY <THE BC FAMILY A/C>	35,590,000	1.75
10	ADMARK INVESTMENTS PTY LTD <THE PINTO FAMILY A/C>	35,000,000	1.72
11	NATIONAL NOMINEES LIMITED	34,297,000	1.68
12	MR ROBERT VIDOTTO + MS LINDA ELLIOTT LARKIN	29,800,000	1.46
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	28,673,081	1.41
14	VERTEX DESIGN PTY LTD	27,095,240	1.33
15	BAHATI HOLDINGS PTY LTD <THE DRIEM SUPER FUND A/C>	22,123,861	1.09
16	LIQUIPURE AUST PTY LTD	21,197,527	1.04
17	DYAMOND TRADING AND CONSULTING PTY LTD <DYAMOND FAMILY A/C>	21,000,000	1.03
18	MR ROBERT ANTHONY ANGLE + MS SUSAN JANE ARTHUR <VERTEX DESIGN SUPER FUND A/C>	20,000,000	0.98
18	CLEE CAPITAL PTY LTD	20,000,000	0.98
20	WRS ASSOCIATES PTY LTD <WRS FAMILY A/C>	18,866,992	0.97
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		780,650,323	38.31
Total Remaining Holders Balance		1,257,206,513	61.69

ASX ADDITIONAL INFORMATION (continued)

Listed options with an exercise price of \$0.03 on or before 30 June 2023:

Rank	Name	Units	% Units
1	OTIS DEVELOPMENTS PTY LTD	20,000,000	17.28
2	MR OMESH RAMSURRENSING BALGOBIN	10,000,000	8.64
3	MR MD MUNTASIR BILLAH	7,000,000	6.05
4	LIQUIPURE AUST PTY LTD	6,666,666	5.76
5	MR LINDSAY GORDON WOOD <WOOD INVESTMENT A/C>	6,000,000	5.18
6	PROMINENT SUPER PTY LTD <PROMINENT SMSF A/C>	5,700,000	4.92
7	MR MARK ANDREW TKOCZ	5,000,000	4.32
8	ROOKESBURY PTY LTD <ROOKESBURY INVESTMENTS A/C>	4,166,666	3.60
9	MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>	3,524,650	3.05
10	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	3,517,111	3.04
11	SHANTO PTY LTD <SHANTO SUPER FUND A/C>	3,463,498	2.99
12	MELTY PTY LIMITED <MELTY GROUP A/C>	3,333,333	2.88
13	MISS SAIMA SADIA	2,503,010	2.16
14	MR SHAFIQUUL ISLAM	2,400,980	2.07
15	MR EDWARD TAFFA	2,000,000	1.73
15	MR RAMIN VAHDANI	2,000,000	1.73
17	MR BRENDAN DIRKS	1,737,500	1.50
18	RIMOYNE PTY LTD	1,666,666	1.44
18	MR GREGORY WOSZCZALSKI	1,666,666	1.44
20	MRS JASMINE KRKLJES	1,647,000	1.42
Totals: Top 20 holders of LISTED OPTIONS EXPIRING 30/06/2023 @ \$0.03 (Total)		93,993,746	81.21
Total Remaining Holders Balance		21,745,364	18.79

(D) ADDITIONAL ASX REQUIRED DISCLOSURES NOT MADE ELSEWHERE

In accordance with Listing Rule 4.10, the Company confirms:

- There is no current on-market share buy-back; and
- The Company used its cash and assets in a form readily convertible to cash that it has at the time of admission to the Official List of the ASX in a way consistent with its business objectives.