

ASX ANNOUNCEMENT

31 OCTOBER 2022

September '22 Quarterly Activities Report and Operational Update

Highlights

- Signed exclusive five-year agreement with Visa to significantly expand digital financial offering around the world, focussing initially on key markets of the Philippines, Singapore and Australia
- Signed exclusive five-year agreement with the Philippines' largest regional cooperative federation - MASS-SPECC Cooperative Development Centre - for its 1.6 million members to use bizmoto's Electronic Money Issuer financial services
- Launched *bizmoKarte* pilot - a gamified financial literacy knowledge sharing platform aimed at helping individuals & small-to-medium size business owners become more confident in managing financial matters to improve their financial health
- Rebranded *bizmoPay* to *bizmoLoan* to better reflect provision of alternative non-bank finance products to customers
- Went live with bizmoto agents' access to ECPay via any 7-Eleven outlet across the Philippines
- Ended September '22 Quarter with \$4.8 million at bank

PERTH, AUSTRALIA, 31 OCTOBER 2022: Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Activities Report and Operational Update for the period ended 30 September 2022 and is pleased to provide the following commentary and update to shareholders.

Peppermint's Managing Director and CEO Chris Kain said: "The September Quarter proved to be incredibly busy spent finalising significant agreements with Visa and MASS-SPECC to drive our business into the future while also refining our existing user experience to ensure a 'frictionless' customer interface.

"We spent several weeks during the September quarter testing and refining our bizmoto platform and ecosystem. This process required taking the system off-line for several weeks in August which had a negative impact on quarterly revenues, but it was warranted to refine, optimise and stress-test our system and processes in readiness for the implementation and roll-out of our Electronic Money Issuer (EMI) License focused services.

"We believe the recently signed Visa and MASS-SPECC agreements - along with the rebranding and refinement of our *bizmoLoan* product offering - will increase customer engagement and we want to



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deliver an attractive, 'frictionless' user experience so customers engage with our bizmoto ecosystem repeatedly.

"We continue to focus on platform and user experience optimisation so we are set up to capitalise on strong customer engagement that we're projecting from our Visa and MASS-SPECC deals, plus ongoing opportunities with future strategic partners.

"As I outlined at the time, the Visa deal really gives Peppermint an edge that we simply have never had before - the ability to issue a debit card or pre-paid card directly linked to a bizmoto wallet.

"When bizmoto users are able to fund a Visa debit or pre-paid card directly from their bizmoto wallet, we're forecasting that will significantly enhance the utility and attraction of the bizmoto wallet.

"In addition, we'll also be able to issue a Visa debit or pre-paid Visa card linked directly to our **bizmoLoan** program and products, thereby empowering users to make regular e-commerce and online transactions.

"In terms of the MASS-SPECC deal, we're targeting at least 30% of MASS-SPECC co-ops and members to be onboarded in the 12 months, with first services commencing for their users in the next four months. That number represents approximately 480,000 members and more than 100 of its 335-member cooperatives in the first year. Further growth is forecast in the second and subsequent years, creating a significant opportunity to provide all new cooperative members with the ability to access bizmoto's EMI financial services.

"We're also collaborating with MASS-SPECC to identify how bizmoto can offer co-op products and services across our expanding ecosystem, specifically via our bizmoTinda and bizmoGo digital offering.

"Peppermint will earn fees on a revenue share basis for every transaction dependent on the service performed.

"Furthermore, the EMI features delivered in our bizmoto App can be offered to other local cooperatives and communities - presenting additional growth opportunities for Peppermint throughout the Philippines."

SEPTEMBER 2022 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

Visa's FinTech Fast Track Program

During the September Quarter, Peppermint signed an exclusive five-year agreement with Visa which will allow the Company to significantly expand its digital financial offering around the world, focussing initially on the key markets of the Philippines, Singapore and Australia.¹ (¹Refer to ASX Announcement dated 18 August 2022 titled "Peppermint signs exclusive 5-year agreement with Visa")

Under Visa's Fintech Fast Track Program, bizmoto users will be able to fund a Visa debit or pre-paid Visa card directly from their bizmoto wallet. This will significantly enhance their ability to pay for goods and services and allow them to use Visa's significant global payment infrastructure.



Peppermint will also be able to issue a Visa debit or pre-paid Visa card linked directly to its bizmoPay program and products, thereby empowering recipients to make regular e-commerce and online transactions.

Visa's Fintech Fast Track Program provides companies like Peppermint with the ability to access Visa's growing partner network, and experts who can provide guidance and resources to support their initiatives as they scale.

Visa will provide Peppermint with financial incentives across five years to assist with marketing costs, licencing and implementation fees and ongoing issuer fee rebates. The Company notes that while these incentives are important, they are not yet at a level material to its operations.

Peppermint plans to start issuing Visa debit and pre-paid cards to bizmoto users in Q1 next year subject to the on-boarding and system integration timelines of Visa stipulated third-party partner companies.

MASS-SPECC Cooperative Development Center

On 19 October, Peppermint announced the signing of a five-year exclusive agreement with the Philippines' largest regional cooperative foundation - MASS -SPECC Cooperative Development Centre ("MASS-SPECC") - for its 1.6 million members to use bizmoto's Electronic Money Issuer ("EMI") financial services.² ² Refer ASX Announcement dated 19 October 2022 titled "Peppermint Bizmoto signs exclusive agreement with MASS-SPECC to offer EMI financial services to 1.6M co-op members"

The agreement allows MASS-SPECC to launch its own digital transformation program via their PinoyCoop App where bizmoto provides MASS-SPECC member-users access to EMI financial services such as transferring money from a co-op member's Bizmoto wallet to another bank account via InstaPay or PESONet.

Additionally, bizmoto's EMI financial services will provide a convenient and safe means of completing 'cash-in' and 'cash-out' transactions aside from MASS-SPECC's Automatic Teller Machines ("ATM"). In 2021 alone, MASS-SPECC's ATM cash-outs accounted for almost two million transactions or an average of 166,000 transactions per month. The two million transactions were attributed to only circa 380,000 ATM card holding members of MASS-SPECC's 1.6 million individual members.

MASS-SPECC co-op members will also be able to access bizmoto e-wallet financial services such as established bills payment functionality, including the collection of payment for specific local billers, e-load and e-pin purchases, and the release and collection of co-op loans.

Technical planning, development and integration is currently underway with services to be rolled out in stages during the next four months.

Peppermint will receive a one-off integration payment of circa \$40,000 and earn on-going fees on a revenue share basis for each transaction, dependent on the service performed (which at this stage cannot be quantified).



bizmoKarte

On 25 October, Peppermint launched a unique financial literacy knowledge sharing platform - called **bizmoKarte** - which aims to help individuals and small-to-medium size business owners become more confident and successful in managing financial matters.

The standalone App - which Peppermint will pilot for a period of time - delivers learning content about savings, investments, loans, household bill management, budgeting and small business management.

The **bizmoKarte** initiative aims to improve the financial understanding and success of Peppermint's bizmoto agents and attract new, consumer-focussed clients to the bizmoto ecosystem, "*Planet bizmoto*".



*One of several marketing advertisements that accompanied the launch of **bizmoKarte***

bizmoto Operations

Peppermint undertook significant testing and refinement to its bizmoto system during the September quarter, which required taking the bizmoto App off-line for several weeks during August.

This downtime had a negative impact on our September quarterly revenue, but it was necessary to ensure the bizmoto system was refined, optimised and stress-tested in readiness for upcoming platform implementation and integration to enable the issue of Visa debit cards and pre-paid cards to bizmoto agents and users, and the onboarding of MASS-SPECC members and co-ops.

During the September quarter, Peppermint increased its total pool of bizmoto agents by 5% (+1,646) with the number of registered merchants (749) and registered bizmoGo riders (673) increasing by one

per cent respectively. The number of funded wallets also increased by three per cent during the quarter.

Other key highlights across the bizmoto operations during the September '22 Quarter included:

- Ongoing marketing campaigns around bizmoto's alternative non-bank loan products, bills payment and e-load service offerings;
- Ongoing marketing campaigns around agents being able to cash-in faster to their bizmoto wallet by using Dragon Pay, Maya (formerly PayMaya), BPI Bank and ECPay; and -
- Continued technical integration of Cebuana Lhuillier 'cash-in' offering across the bizmoto platform, which is expected to go 'live' soon.

bizmoPay / bizmoLoan Operations

The Company enhanced and rebranded its bizmoPay product to ***bizmoLoan*** during the September quarter.

The name ***bizmoLoan*** was chosen based on market feedback to better reflect the provision of alternative non-bank finance products to customers.



The bizmoto App down time in August resulted in a total of 587 loans being approved during the September quarter compared to 784 approvals in the June quarter.

Further streamlining of the ***bizmoLoan*** App was completed during the period with more work to be undertaken in the December quarter to ensure the user experience is as frictionless as possible.

BancNet Customer Summary

Peppermint continues to work closely with several BancNet customers to implement various Mobile Banking Solution (MBS) services.

Two projects are completed and pending BancNet and customer bank testing before deploying to production while a third remains pending, dependent on ISO 20022 project completion. A fourth project is awaiting customer bank, BancNet and Coreware to complete testing phases prior to Peppermint using the ISO 200222 to deploy to production.



The Company is also at varying stages of commercial negotiations with at least five other banks around the implementation of Peppermint's MBS services. It is currently assisting these banks to assess their technical requirements to join the BancNet server to successfully onboard Peppermint's MBS services.

Corporate

An Appendix 4C detailing expenditure for the September '22 Quarter is accompanying this Quarterly Activities Report and Operational Update.

The Company's focus has been the development and commercialisation of its bizmoto platform. Expenditure for the Quarter ended 30 September 2022 included:

- Administration and corporate costs of \$384k associated with running the Company, including ASX fees, audit fees, legal fees, share registry fees and rent.
- Product manufacturing and operating expenditure of \$95k incurred in producing products for sale;
- Advertising and marketing expenditure of \$174k related to marketing the Company and its products and services; and
- Remunerations costs of \$216k comprising the costs of all staff employed by the Company and directors' remuneration. Of this, \$113k was paid by way of fees and salaries to related parties and \$10k was paid by way of superannuation to related parties.

Ends

This ASX announcement has been approved by Peppermint Innovation Limited's Board of Directors and authorised for release.

For more information, please contact:

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About Peppermint Innovation Ltd

Peppermint Innovation is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payment and remittance, delivery and logistics, ecommerce and finance technology to service the Philippines market – which was initially designed for banks, agents, associations and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.

Forward Looking Statements: Statements regarding plans with respect to Peppermint's business plans are forward looking statements. There can be no assurance that Peppermint's plans will proceed as expected and there can be no assurance that Peppermint will be able to increase revenue.



Appendix 4C

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

Name of entity

Peppermint Innovation Limited

ABN

56 125 931 964

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	108	108
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(95)	(95)
(c) advertising and marketing	(174)	(174)
(d) leased assets	-	-
(e) staff costs	(216)	(216)
(f) administration and corporate costs	(384)	(384)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(10)	(10)
1.9 Net cash from / (used in) operating activities	(766)	(766)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,575	5,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(766)	(766)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,809	4,809

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,799	5,565
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10	10
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,809	5,575

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(766)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,809
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,809
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

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

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.