

ASX ANNOUNCEMENT**12 AUGUST 2020**

Company Announcements Office
Australian Securities Exchange Limited

June 2020 Quarterly Activities Report and Operational Update

- Quarterly cash receipts of \$950,000 - a Company record - representing a 270 per cent increase on the corresponding June '19 quarter and a 40 per cent increase on March '20 Quarterly cash receipts
- FY20 cash receipts of \$2,804,000 - representing a 311 per cent increase on FY19 cash receipts of \$682,000
- Outstanding June '20 Quarterly result given the Philippines Government imposed a General Community Quarantine across most of Peppermint's bizmoto business locations, including metropolitan Manila and the provinces of Cavite, Laguna, Bulacan and Rizal
- More than 20,085 bizmoto agents and 512 bizmoGo riders were registered to 30 June 2020 - representing a substantial increase of bizmoGo riders on the previous quarter
- More than 610 merchant customers were registered with bizmoTinda e-commerce to 30 June 2020 for bizmoGo delivery and logistics services
- Stage 1 capital program to raise \$750,000 has closed oversubscribed subsequent to period end, in difficult capital markets (given the impact of the global COVID-19 pandemic)
- Stage 2 capital program, to raise a minimum of A\$1.5M to provide working capital, launch bizmoPay and implement a targeted bizmoto sales and marketing campaign, has commenced
- Completed sale of legacy Zambian copper exploration licenses, receiving \$650,000 in proceeds, \$621,000 in the June quarter and \$29,000 subsequent to period end
- Re-negotiated outstanding \$1.5M Caason Convertible Note with replacement convertible notes issued maturing in April 2022 with a 1 cent per share conversion price
- A successful stage 2 capital program will enable Peppermint to seek re-listing on the Australian Stock Exchange as soon as possible

PERTH, AUSTRALIA, 12 AUGUST 2020: Peppermint Innovation Ltd (ASX: PIL) (“Peppermint” or “the Company”) presents its Quarterly Report for the period ended 30 June 2020 and is pleased to provide the following commentary and update to shareholders.



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Peppermint's Managing Director and CEO Chris Kain commented: "Peppermint has recorded its highest quarterly cash receipts in the history of the company - A\$950,000 - beating our previous record of A\$843,000 recorded in the December 2019 quarter.

"This is an outstanding result and even more remarkable given the quarantine restrictions that have been in place during the entire June quarter across metropolitan Manila and the provinces of Cavite, Laguna, Bulacan and Rizal, which are key bizmoto business operation locations.

"Under the General Community Quarantine regime imposed by the Philippines Government, all human movement was limited to 'essential services' and going to work, with government offices and industries only permitted to operate at 75% of their workforce and scaled-down access to public transportation services.

"Due to Covid 19 we did record a slight drop in quarterly cash receipts to the end of March 2020, but now we are back to our growing revenue trajectory, as the business becomes accustomed to operating in this new COVID-19 environment.

"In the June quarter we continued to successfully grow the number of registered bizmoto agents, bizmoGo merchants and bizmoGo riders - despite the limitation in movements caused by the General Community Quarantine.

"Our new 'normal' work environment means we are implementing different non-contact communication and marketing programs to reach a wider number of potential partners, agents and customers.

"We're also excited to have developed a new version of our bizmoto App, soon to be launched, which quickly allows new products and services to be integrated. We look forward to introducing key non-bank micro-finance and micro-insurance products and services via our new bizmoto App that further deliver our vision to provide financial inclusion to the Filipino people during the latter half of 2020.

"Peppermint's long-term vision to provide financial inclusion to unbanked or underbanked Filipino's has been emphasised by the Philippines Government, who experienced great difficulty providing financial assistance to low-income earners during the early months of quarantine because recipients did not have a bank account or a mobile 'e'-wallet.

"The Company is well placed to work with government agencies, banks, co-operatives and the Filipino people to roll out an improved regime of financial inclusion across the Philippines via the Peppermint platform.

On the corporate front, the legacy Zambian copper exploration licenses were sold, and the \$1.5 million Convertible Note with the Caason Group was renegotiated to extend the maturity date until April 2022.

"We were extremely pleased to have Stage 1 of our capital raise program oversubscribed, particularly in light of the difficult capital markets we were working in due to COVID-19. The level of support we received from investors clearly endorsed the business strategy being implemented by management.



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"Now we are working to complete the Stage 2 capital program, to raise a minimum of \$1.5 million at 1 cent per share. This capital is to satisfy the requirements of our auditors to enable them to issue a clear audit opinion on the Company in terms of its working capital going forward, but more importantly and excitingly launch our micro-finance bizmoPay operations in the Philippines which should have a very significant and positive impact on bizmoto platform and operations.

"Once our auditors have issued the Company with a 'clean' audit opinion and the ASX is satisfied that Peppermint's operation and financial condition warrants its continued quotation and listing, the Company will then apply to re-list on the ASX.

"I would like to thank our staff who have worked incredibly hard during these uncertain times and our loyal shareholders for the patience they have shown in the Company. As I have said previously, we look forward to rewarding your faith in the Company's long-term, strategic vision."

JUNE 2020 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

bizmoto Operations, Development and Platform Progress:

The bizmoto platform delivered a record result during the June quarter, despite the Philippines Government's General Community Quarantine being active across the majority of bizmoto's business locations.

All key metrics for the bizmoto App utilisation increased, with the number of registered agents rising to 20,088. The bizmoGo program again generated substantial interest during the June quarter, with a total of 613 merchants and 512 riders registered as at the end of 30 June 2020.

From a technical perspective, a bizmoto App customer service module (called **bizmoto Pabili**) has been developed and is now available in an Android version for all customers. 'Pabili' is a local term which refers to an act of buying or asking someone to facilitate buying. **bizmoto Pabili** allows customers to easily browse available goods from any listed merchant and then, with a simple click, place an order for delivery by a bizmoGo rider. A Google Play version of bizmoto Pabili is expected to be available in August.

In addition, a new **bizmoto Android App 2.0**, which has been developed and soon to be launched, allows new products and services to be easily integrated and offered in the App. The new **bizmoto App 2.0** will provide agents with a 'quick view' to their earnings and dashboard, which features services such as Bills Payment, eLoad, bizmoTinda and bizmoto Pabili. The Company is also looking to add non-bank financial services such as micro-finance (bizmoPay) and micro-insurance products during the latter half of 2020.

The business development team's series of weekly "Facebook Live" programs continued to prove extremely popular during the June quarter in terms of user engagement and reach, with the last broadcast reaching 7,691 viewers and 1,200 live engagements.



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bizmoTinda:

The new bizmoTinda site was launched in late April 2020 featuring a full e-commerce look and functionalities that give bizmoTinda merchants a better experience when selling their products.

Already, some Phase 2 enhancements are being developed including 'area and location mapping of merchants' and providing for 'essential items in the list of categories'. The Phase 2 enhancements are expected to be implemented by the end of the September quarter.

bizmoPay:

The Company continued to progress plans to add bizmoPay to its bizmoto platform via the soon to be released bizmoto mobile 2.0 Android App once Stage 2 of our capital raise program (a minimum of \$1.5 million capital raise at 1 cent per share) is completed. The capital raise will assist to launch bizmoPay and implement a targeted bizmoto platform sales and marketing campaign.

Collaboration with BancNet on Mobile Banking Solution (MBS):

As previously reported, the General Community Quarantine introduced in March 2020 due to COVID-19 has contributed to some delays in the integration and testing process between BancNet, outsourcing BancNet member banks and Peppermint.

Each client must undertake a three-phase integration process before they launch which includes: (i) interfacing, (ii) BancNet testing and (iii) client end-to-end testing.

To date, Partner Rural Bank (Cotabato) has completed its end-to-end testing and is soon to provide the "system acceptance certificate" to Peppermint. Implementation of the MBS system into the production environment will occur once the Certificate of Eligibility is issued by the BSP to Partner Rural Bank.

Meanwhile, the Bank of Makati has experienced some delays setting up its test servers for the MBS, mainly due to a lack of manpower caused by the general community quarantine. It is targeting August to start its first phase of integration testing.

UCPB Savings Bank is still working on its CASA (bank) system before it can start the process.

Peppermint remains in discussions with five additional outsourcing banks about providing similar BancNet MBS subscription products.

Co-Operative Business Partners:

Peppermint continued discussions with MASS Specc around providing its Mobile Banking Solution to MASS Specc's network of more than 300 co-operative-members, who themselves have more than a million co-operative customers.

In addition, Peppermint commenced discussions with the Co-operative Health Management Federation (CHMF) to provide online tele-medicine capabilities. The online tele-medicine facility



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allows specific CHMF policy holders to have one-on-one video conferencing with accredited doctors from the comfort of their home.

Corporate:

As previously mentioned, the June quarter delivered record cash receipts of \$950,000 for the company.

An Appendix 4C detailing expenditure for the quarter is appended. Payments to related parties totalling \$208k were paid during the quarter for directors' fees, executive remuneration, and pension/superannuation benefits which had not been paid since January 2020.

During the quarter, expenditure was incurred on the ongoing development and operation of the Company's platform.

The Company remained suspended from trading on the Australian Stock Exchange during the June 2020 quarter due to the "disclaimed audit opinion" on the Company's last full financial year audited financial report.

Subsequent to period end, the Company closed its stage 1 capital program to raise \$750,000 oversubscribed with sophisticated and professional investors at 1 cent per share, with an attaching option to buy a further share at 1 cent within 12 months. At 30 June 2020, Peppermint had received \$390k in consideration for issuing 39m shares and 39m options with an exercise price of 1 cent per share on or before 31 March 2021. Now the Company has received money and subscriptions for a further \$405k in consideration for shares and options with an exercise price of 1 cent per share on or before 31 March 2021.

The Company commenced working on the second stage capital program, to raise a minimum of \$1.5 million raise at 1 cent per share. This funding is to satisfy the requirements of auditors and enable them to issue a clear (un-disclaimed) audit opinion on the Company, and launch bizmoPay operations in the Philippines.

Once Peppermint receives a clear audit opinion from the auditor and the ASX is satisfied (under Listing Rule 12) that Peppermint's operations and financial condition warrants continued quotation and listing, the Company will apply to re-list on the ASX.

During the June quarter, the Company signed a Sale and Purchase Agreement for its legacy Zambian copper exploration licenses for \$650,000, with \$621,000 received in the June quarter 2020 and \$29,000 received subsequent to period end.

The \$1.5 million Convertible Note with the Caason Group was renegotiated with all the Caason Convertible Note holders electing to take up new Convertible Notes direct with Peppermint with the maturity date extended to April 2022 and a conversion price reduced to 1 cent per share.

Leigh Ryan and Mark Reid resigned as Non- Executive Directors of the Board during the June quarter. Mr Ryan advised the Company of his resignation after completing the sale of the legacy Zambian



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copper licenses and in view of his current commitments as the Managing Director of another mining company. Mr Reid advised the Company of his resignation due to not being able to fulfill his Non-Executive Director duties.

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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Managing Director & CEO
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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.



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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 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 950 | 2,804 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (910) | (2,613) |
| (c) advertising and marketing | (5) | (66) |
| (d) leased assets | - | - |
| (e) staff costs | (390) | (985) |
| (f) administration and corporate costs | (105) | (815) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (5) | (11) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 36 | 36 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (429) | (1,650) |
| 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 (12 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 | 621 | 621 |
| 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 | 621 | 621 |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 55 | 390 |
| 3.2 | Proceeds from issue of convertible debt securities | - | 853 |
| 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 | - | (32) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (20) | 20 |
| 3.10 | Net cash from / (used in) financing activities | 35 | 1,211 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 37 | 82 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (429) | (1,650) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 621 | 621 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 35 | 1,211 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 264 | 264 |

| 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 | 259 | 32 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | 5 | 5 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 264 | 37 |

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**

208

-

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

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

7. Financing facilities

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

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

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

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

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

n/a

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (429) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 264 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 264 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 0.6 |

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

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

Answer:

Yes

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

Answer:

The entity is seeking to raise capital and is currently suspended from the ASX. Subsequent to period end the entity raised \$405k via the issue of 40.5m shares at 1 cent per share.

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

Answer:

Yes, via raising capital.

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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: 12 August 2020.....

Authorised by: Anthony Kain - Executive Director.....
(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.