

ASX ANNOUNCEMENT

30 July 2021

## June 2021 Quarterly Activities Report and Operational Update

### Highlights

- Signed a payments facilitator agreement with the operator of GCash, enabling bizmoto merchants and agents and bizmoGo riders to accept payments directly from registered GCash mobile wallet holders
- Signed a cash deposit acceptance agreement with ECPay, dramatically expanding cash-in services for bizmoto agents throughout the Philippines
- Received \$1.9 million from the exercise of options and removed \$1.4 million of debt from the balance sheet through conversion of convertible notes into fully paid shares
- Granted a financial lending licence by the Philippines' Securities Exchange Commission, allowing non-alternative micro-enterprise loans to be made available to qualified bizmoto agents, registered bizmoto network members and enterprise platform partners
- Increased number of registered bizmoto agents to 55,892, bizmoGo riders to 661 and Merchants to 741
- Executed a targeted sales and marketing campaign pitched at attracting new agents and merchants as well as incentivising existing agents and merchants to promote a wider adoption of bizmoto services and drive the use of the bizmoto ecosystem

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

**Peppermint's Managing Director and CEO Chris Kain said:** "The Company delivered on several significant milestones during the June Quarter, securing several agreements that will make it much easier for our bizmoto agents to cash-in and top-up their mobile wallets.

"Deals with the Bank of the Philippines ("BPI"), Cebuana Lhuillier ("Cebuana") and ECPay will dramatically increase the number of convenient and accessible cash-in options for our agents, allowing them to drive transactions across the bizmoto platform and achieve better utilisation of the bizmoto ecosystem.

"We've listened to our agents on the ground. They've told us they needed more convenient and accessible cash-in options so they can quickly deposit the cash they've collected and top-up their mobile wallets to get back into the community to transact with their customers.

"We feel the deals we've signed with BPI, Cebuana and ECPay provide our agents with exactly what they're asking for.



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"Our GCash deal is all about making it simple for mobile GCash customers to directly pay for bizmoto goods and services and, just as importantly, allow our bizmoto merchants, agents and bizmoGo riders to directly accept payment from a GCash mobile wallet.

"We have also developed some new incentive programs that we rolled out during the latter part of June which are aimed at getting our registered bizmoto agents and merchants more focussed around promoting a wider use of bizmoto services.

"We also believe this week's granting of a financial lending licence for our bizmoPay platform has the ability to be a significant catalyst for short and long term revenue growth for the Company.

"The bizmoPay service will provide our 55,000+ registered bizmoto agents, network members and enterprise platform partners with a safe and seamless means of accessing micro loans to grow their individual enterprises without having to access funding through traditional channels that are not available to them.

"One of Peppermint's strategic business objectives is to deliver financial inclusion to the people of the Philippines while creating an opportunity for Filipinos to build and grow their micro-businesses and earn a living utilising our bizmoto App.

"Recent severe and wide ranging Covid-19 necessitated lock downs in the Philippines have impacted Peppermint's operations and cash receipts for this quarter but with important strategic building blocks now in place to facilitate growth, we are strongly optimistic around the future economic outlook for the Company.

"New providers of cash-in top-up facilities, new products and services to be offered across the bizmoto platform, incentivised agents and merchants driving customers to use a wider range of services and a micro-enterprise loan offer to help grow and expand local small businesses has Peppermint well positioned to deliver good growth in the last six months of 2021."

## JUNE 2021 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

### **GCash Agreement**

Peppermint signed a payments facilitator agreement with the company providing the GCash service, G-Exchange Inc.

Under the Agreement, any Filipino with a mobile GCash account can simply opt to directly pay for goods or services provided by a bizmoto merchant, agent or rider using funds from their GCash mobile wallet. Additionally, when offering a good or service, a bizmoto merchant, agent or bizmoGo rider can simply accept payment directly from a mobile GCash wallet.

One in three Filipinos are currently registered as GCash mobile wallet holders, exposing the bizmoto platform to more than 40 million users potentially.

Further development of the bizmoto App will also allow GCash customers to seamlessly order goods



and services via bizmoto "Pabilli" (which translates as "to buy for me" in the local dialect) and have them delivered directly via a bizmoGo rider.

Peppermint aims to have completed the necessary technical and system integration to enable a first phase 'go-live' date during Q3 of this year.

### **ECPay Agreement**

Peppermint signed a significant cash deposit acceptance agreement with the Philippines biggest third-party electronic payment provider, Electronic Commerce Payments, Inc ("ECPay").

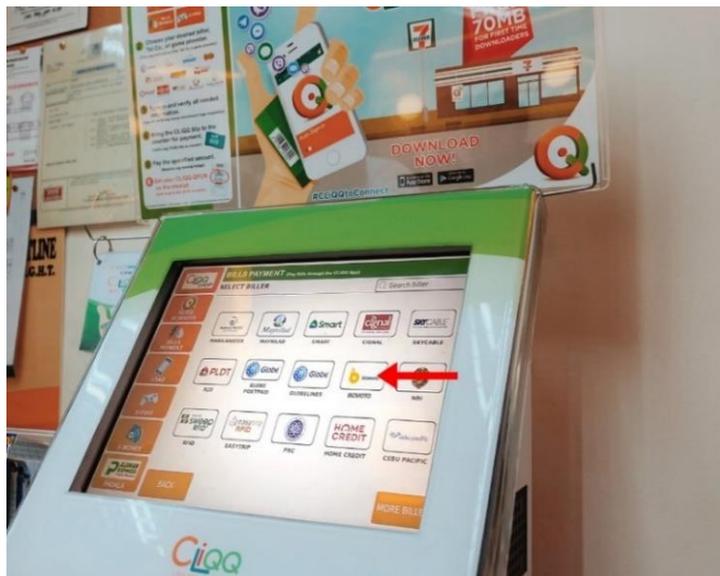
The agreement allows any of bizmoto's 55,000 plus registered bizmoto agents to physically cash-in money at any of ECPay's partner outlets and stores nationwide, and instantly top-up their mobile wallets - dramatically expanding the number of cash-in venues for bizmoto agents nationwide.

ECPay has more than 13,000 partner outlets and stores, including retail chains such as 7-Eleven, San Mig Food Avenue and select Petron stations, Prince Warehouse, LCC Malls, NCCC Supermarkets, RD Pawnshop, H Lhuillier and Global Access.

In addition, bizmoto will be branded via 7-Eleven In-store CLiQQ kiosk that will assist agents with the process of cashing-in and topping-up their wallet. These 7-Eleven stores are open 24 hours-a-day, seven days a week, 365 days a year - and there are more than 1,0000 7-Eleven stores located in metropolitan Manila alone and over 2,600 across the Philippines.

Once fully implemented, any bizmoto agent located from Luzon to Visayas and down to Mindanao will be able to physically go to an ECPay point in any one of 80+ provinces in the Philippines to cash-in and top-up their mobile wallet.

Peppermint commenced implementation planning during the June Quarter with a target go-live date in Q3, 2021.



*bizmoto will be branded via 7-Eleven in-store CLiQQ kiosks*



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### **Bank of the Philippines API Agreement**

In late March 2021, Peppermint signed an Application Programming Interface (API) Agreement with the Bank of the Philippines (BPI) to make it seamless for bizmoto agents to top-up their mobile wallet 24 hours a day, 7 days a week, 365 days a year via online access to a BPI account.

Peppermint has completed developing the application and its integration with BPI, with user testing expected to continue until late August. A go-live date is forecast for late Q3/early Q4 of this year.

### **Cebuana Lhuillier Merchant Biller Agreement**

In early April 2021, Peppermint signed a Merchant Biller Agreement with Cebuana Lhuillier to make it easier for bizmoto agents to cash-in money and top-up their mobile wallets instantly - giving them the ability to transact with more customers.

The development of the cash-in API is complete and Cebuana's user acceptance testing is set to begin shortly. Peppermint has developed a cash-in API that can be used by both Cebuana and third-party cash-in partners.

Cebuana will be the first partner to go-live with the cash-in API following completion of its user acceptance testing around the end of Q3/early Q4.

### **Financial Lending Licence / bizmoPay:**

After the end of the June Quarter, Peppermint was granted a financial lending licence by the Securities Exchange Commission in the Philippines, allowing it to offer alternative non-bank micro-enterprise loans to qualified bizmoto agents, registered bizmoto network members and enterprise platform partners.

The financial lending service - branded bizmoPay - is a significant milestone in the Company's strategy to provide an alternative non-bank micro-enterprise lending platform to people in the Philippines.

A three-month pilot program will be rolled out to select bizmoto agents to ensure the back end of the bizmoPay system is fully integrated with the existing bizmoto platform and the application, approval and receival process is seamless.

Once the micro-enterprise loan service is operating seamlessly it will be made available to all 55,000+ bizmoto agents and every registered bizmoto network member who qualifies and undertakes to promote the wider adoption of bizmoto services and drives the use of the wider bizmoto ecosystem.

Funds to support the Initial roll-out of bizmoPay's operations were allocated earlier this year as part of the Company's successful A\$2.5 million placement.

### **bizmoto operations**

The Philippines Government implemented severe lockdowns across the nation during the June Quarter following a major surge in identified COVID-19 cases.

The lockdowns were initiated in late March around metropolitan Manila, Bulacan, Cavite and Laguna and continued for six weeks to mid-May to help ease the pressures on the Philippines' health system.



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Many workers were laid off during this period, business activity slowed and Filipino people deliberately chose to spend less and hold on to their cash. A Modified Enhanced Community Quarantine (MECQ) is still in effect affecting the ability of Filipinos to leave their homes.

The impact on cash receipts for the quarter was a direct consequence of these strict lockdowns and the economic downturn throughout the Philippines was.

All key metrics for the bizmoto App utilisation increased during the June quarter despite the harsh economic conditions experienced throughout the Philippines. The number of registered agents increased to 55,892, the number of bizmoGo riders rose to 661 and there were 741 registered merchants as at 30 June 2021.

A new incentive program - called bizmoto Platinum Plus - was rolled out in June. The program offers qualified agents and registered merchants the chance to participate in empowerment programs and exclusive promotional opportunities at a minimal cost. It also aims to provide qualified agents and merchants with small business loans via bizmoPay.

#### **Collaboration with BancNet on Mobile Banking Solution (MBS)**

The full implementation of the ISO20022 for the Mobile Banking Solution for Partner Rural Bank is underway. The national QR for a person-to-person transaction for Partner Rural Bank was halted to allow full implementation of ISO20022. The next target features to be implemented for the MBS Phase 2 project are QR P2M, PTI's Bills Payment integration, PTI's Eload integration, Fund Transfer within the bank and Data Analytics for the Web Tool.

UCPB (Commercial Bank) went live with its InstaPay and PESONet streamline project in late June. Peppermint has three upcoming projects for UCPB including Biometric Login, QR Code PH and Lock/Unlock Cards.

Internal technical issues have delayed the Bank of Florida's system integration to the BancNet outsourcing switch. During the June Quarter, Peppermint commenced PESONet implementation based on the PESONet API documents for the credit leg while awaiting the bank to complete its Integration with the BancNet switch.

Peppermint is in final-stage discussions with two other rural outsourcing banks about providing similar BancNet MBS subscription products, as well as awaiting the outcome of a proposal to develop mobile QR code platforms for a Filipino bank.

#### **Co-Operative Business Partners**

Peppermint is awaiting the start of a planned Mobile Banking Service program with MASS-SPECC where our proven mobile banking platform will provide mobile banking services linked to MASS-SPECC member cooperative accounts. Additionally, Mass-Specc has signified an interest in using the bizmoto platform to cross sell their own products and services, noting the bizmoGo delivery services can facilitate the provision of their own main products to MASS Specc members.

MASS-SPECC's network has more than 300 co-operative members and more than a million individual members.



The CHMF medical app went live in Apple stores late in the June Quarter. The app will be used by CHMF medical personnel to perform transactions such as registrations and updating member's information.

### **Corporate**

An Appendix 4C detailing expenditure for the June Quarter is accompanying this June 2021 Quarterly Activities Report and Operational Update. Payments to related parties totalling \$136k were paid during the June Quarter for directors' fees, executive remuneration and pension / superannuation benefits.

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

Use of Proceeds under Prospectus	('000s)	
	Funds allocated under Prospectus dated 29/01/2021	Funds expended between 01/01/2021 and 30/06/2021
Bizmoto Platform roll out and working capital	901	797
Bizmoto Platform sales and marketing campaign	450	164
Bank deposit required to underwrite services offered on the Platform	350	337
bizmoPay Loan Book	600	-
Costs of the offer	199	212
<b>Total</b>	<b>2,500</b>	<b>1,510</b>
Funds received from the exercise of options		(1,865)
<b>Net funds (generated) between 1 January 2021 and 30 June 2021</b>		<b>(355)</b>

<b>Cash at 1 January 2021</b>	<b>253</b>
Net funds generated between 1 January 2021 and 30 June 2021	355
Funds received from placement of shares	2,500
<b>Cash at 30 June 2021</b>	<b>3,108</b>

### **Current COVID-19 situation in the Philippines**

As of 19 July 2021, a total of 1,513,396 confirmed COVID-19 cases and 26,786 deaths have been reported in the Philippines.<sup>1</sup> Of all confirmed COVID-19 cases reported in the Philippines, 51.2% are male with the most affected age group 25-34 years (26.9%). More than 35% of the total number of cases are from the National Capital Region (NCR), followed by CALABARZON (16.9%), Central Luzon (8.9%), Central Visayas (5.5%), Western Visayas (5.4%). A Modified Enhanced Community Quarantine (MECQ) is in effect which means Filipinos are not allowed out of their homes unless they are accessing essential goods and services or going to work in permitted offices or establishments. All public transport is suspended.<sup>2</sup>



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

1. Ref: World Health Organisation COVID-19 In the Philippines Situation Report
2. Ref: <https://www.covid19.gov.ph/security/mecq>

### **Digital banking sector to grow amid rise in online transactions**

The rise in online transactions has opened opportunities for digital banking as many Filipinos remain unbanked or underbanked, according to Fitch Solutions Country Risk & Industry Research.<sup>1</sup>

“The Philippines’ large unbanked population, one of the highest in South East Asia, creates a sizeable market on which to leverage fintech services which we believe will offer investors positive returns,” Fitch Solutions said in a research note published in early July 2021.

“Regulatory backing and the country’s demographic environment have created a supportive environment for the uptake of mobile banking services, giving a positive outlook for investors,” it said. Only 29% of adult Filipinos had accounts with financial institutions as of 2019, leaving some 51.2 million unbanked, based on data from the central bank’s Financial Inclusion Survey that year.

The Bangko Sentral ng Pilipinas (BSP) hopes to bring 70% of adult Filipinos into the banked population by 2023. In that same year, it also wants 50% of transactions, both in terms of volume and value, to be done digitally. The central bank said Filipinos are becoming more comfortable with cashless payments due to the coronavirus pandemic.

<sup>1</sup> Ref: [www.bworldonline.com/digital-banking-\[sector-to-grow-amid-rise-in-online-transactions](http://www.bworldonline.com/digital-banking-[sector-to-grow-amid-rise-in-online-transactions)

### **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.



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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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	258	1,922
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(204)	(1,691)
(c) advertising and marketing	(108)	(142)
(d) leased assets	-	-
(e) staff costs	(258)	(989)
(f) administration and corporate costs	(107)	(1,002)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	38
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(420)</b>	<b>(1,877)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(69)	(337)
(e) intellectual property	-	-
(f) other non-current assets	-	-

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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	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(69)</b>	<b>(337)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,405
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	845	1,865
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(13)	(212)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>832</b>	<b>5,058</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,765	264
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(420)	(1,877)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(337)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	832	5,058
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,108</b>	<b>3,108</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,103	2,760
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	10	5
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,108</b>	<b>2,765</b>

**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**

136

-

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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	-	-
	-	-
	-	-
	-	-

**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)	(420)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,108
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,108
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>7.4</b>

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

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

Answer:

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

Answer:

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

Answer:

**Compliance statement**

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

Date: 30 July 2021

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

**Notes**

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