



Peppermint Innovation Limited

(ACN 125 931 964)

INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED

31 DECEMBER 2019

## COMPANY DIRECTORY

### Directors

Mr Christopher Kain  
Managing Director

Mr Anthony Kain  
Executive Director

Mr Mathew Cahill  
Non-executive Director

Mr Leigh Ryan  
Non-executive Director

### Company Secretary

Mr Anthony Kain

### Registered Office

Level 2 East, The Wentworth Building  
300 Murray Street, Off Raine Lane  
Perth WA 6000

Tel: +61 8 6255 5504

### Web Address

[www.pepltd.com.au](http://www.pepltd.com.au)

### Auditors

RSM Australia Partners  
Level 32 Exchange Plaza  
2 The Esplanade  
Perth, WA 6000

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, WA 6000

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Tel: +61 8 9323 2000  
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### ASX Code:

PIL

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# DIRECTORS' REPORT

Your Directors submit the financial report of the Company, being Peppermint Innovation Limited, and the entities it controlled ("the Group"), for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## Directors

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

Christopher Kain	Managing Director and CEO
Anthony Kain	Executive Director
Mathew Cahill	Non-executive Director
Leigh Ryan (retired 30 June 2020)	Non-executive Director
Albert Cheok (retired 1 April 2020)	Non-executive Director
Mark Reid (2 April 2020 to 30 June 2020)	Non-executive Director

## Review of Operations

The loss for the Group after providing for income tax amounted to \$1,019,836 (2018: \$1,087,511).

### *About Peppermint Innovation Limited*

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.

### *Mineral Exploration Projects*

The Group also has a mineral exploration project in Zambia, which was sold subsequent to period end for \$650,000.

# DIRECTORS' REPORT

## Significant changes in the state of affairs

The Company's shares were suspended from trading on the Australia Securities Exchange from 12 October 2019.

Apart from this matter, there were no significant changes in the state of affairs of the Group during the financial half-year.

## Events After the Balance Sheet Date

Subsequent to reporting date:

- The Group sold its mineral exploration licences in Zambia for \$650,000;
- \$265,000 was raised from the placement of 26,500,000 shares at \$0.01 per share with 26,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
- \$405,000 was raised from the placement of 40,500,000 million shares at \$0.01 per share with, subject to shareholder approval, 40,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
- The Company agreed to issue 50,000,000 shares at \$0.01 per share to raise \$500,000 with 50,000,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 December 2021, of which 15,000,000 are subject to shareholder approval, within 3 days of the Company releasing its 2020 Annual Report;
- The conversion price of the convertible note with a face value of \$1,500,000 was changed from \$0.025 to \$0.01, the maturity date was extended from 30 April 2021 to 30 April 2022, interest accrued to 30 April 2020 was capitalised increasing the face value of the convertible notes to \$1,673,358 and change was made to the noteholder of \$1,500,000 previously issued convertible notes. The adjustment to the conversion price is subject to shareholder approval which is intended to be sought at the Company's annual general meeting of shareholders;
- 40,000,000 performance options with a maturity of 27 August 2020 expired unexercised; and
- The Company secured a commitment of \$2 million for a placement of 200,000,000 shares at \$0.01 per share, subject to shareholder approval, with funds being released to the Company within 5 business days of the Company's securities being reinstated to trading on the Official List of the Australian Securities Exchange Limited.

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. The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the items above, 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.

# DIRECTORS' REPORT

## Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' report for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.



Mr Christopher Kain  
Managing Director and CEO

Dated this 18<sup>th</sup> day of November 2020

**RSM Australia Partners**

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GPO Box R1253 Perth WA 6844

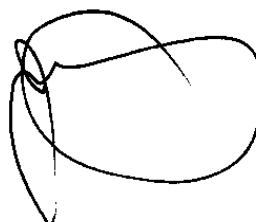
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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Peppermint Innovation Limited for the half-year ended 31 December 2019, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

**J A KOMNINOS**  
Partner

Perth, WA  
Dated: 18 November 2020

**THE POWER OF BEING UNDERSTOOD****AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year Ended 31/12/2019 \$	Half-year Ended 31/12/2018 \$
Revenue	5	1,169,980	223,265
Cost of sales		(1,076,867)	(148,734)
Gross profit		93,113	74,531
Other income		71	69
Administration expenses		(973,804)	(1,005,074)
Research and development costs		-	(60,572)
Finance costs		(204,860)	(1,571)
Fair value adjustment		65,644	-
Impairment		-	(10,894)
Share-based payment		-	(84,000)
<b>(Loss) before income tax expense</b>		<b>(1,019,836)</b>	<b>(1,087,511)</b>
Income tax expense		-	-
<b>(Loss) for the period</b>		<b>(1,019,836)</b>	<b>(1,087,511)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
- Nil		-	-
		-	-
<b>Total comprehensive (loss) for the period</b>		<b>(1,019,836)</b>	<b>(1,087,511)</b>
Basic and diluted (loss) per share (in cents)	3	<b>(0.10)</b>	<b>(0.11)</b>

The accompanying notes form part of these financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		79,790	82,379
Trade and other receivables		81,152	98,050
Inventory		26,703	6,747
<b>Total Current Assets</b>		<b>187,645</b>	<b>187,176</b>
<b>Non-current Assets</b>			
Plant and equipment		2,580	3,200
<b>Total Non-current Assets</b>		<b>2,580</b>	<b>3,200</b>
<b>TOTAL ASSETS</b>		<b>190,225</b>	<b>190,376</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		344,767	445,070
Provisions		125,730	103,451
Funds received in advance of the issue of shares		15,000	-
Financial liabilities	6	-	761,500
<b>Total Current Liabilities</b>		<b>485,497</b>	<b>1,310,021</b>
<b>Non-current Liabilities</b>			
Financial liabilities	6	1,266,865	-
<b>Total Non-current Liabilities</b>		<b>1,266,865</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,752,362</b>	<b>1,310,021</b>
<b>Net Liabilities</b>		<b>(1,562,137)</b>	<b>(1,119,645)</b>
<b>EQUITY</b>			
Issued capital	7	13,435,095	13,145,875
Share based payment reserve		284,000	284,000
Convertible note reserve	8	422,565	134,441
Accumulated losses		(15,703,797)	(14,683,961)
<b>TOTAL EQUITY</b>		<b>(1,562,137)</b>	<b>(1,119,645)</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	Issued capital	Share based payment reserve	Convertible note reserve (Note 8)	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	13,145,875	284,000	134,441	(14,683,961)	(1,119,645)
(Loss) for the period	-	-	-	(1,019,836)	(1,019,836)
Total comprehensive loss for the period	-	-	-	(1,019,836)	(1,019,836)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued - placement	125,000	-	-	-	125,000
Conversion of convertible note	164,220	-	-	-	164,220
Value of conversion rights on convertible notes	-	-	288,124	-	288,124
	289,220	-	288,124	-	577,344
<b>Balance at 31 December 2019</b>	<b>13,435,095</b>	<b>284,000</b>	<b>422,565</b>	<b>(15,703,797)</b>	<b>(1,562,137)</b>
Balance at 1 July 2018	12,536,072	-	-	(12,541,175)	(5,103)
(Loss) for the period	-	-	-	(1,087,511)	(1,087,511)
Total comprehensive loss for the period	-	-	-	(1,087,511)	(1,087,511)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued - placement	800,000	-	-	-	800,000
Share issue expenses	(385,196)	-	-	-	(385,196)
Share based payments (see note 7(a)(ii))	204,000	284,000	-	-	488,000
Value of conversion rights on convertible notes	-	-	40,399	-	40,399
	618,804	284,000	40,399	-	943,203
<b>Balance at 31 December 2018</b>	<b>13,154,876</b>	<b>284,000</b>	<b>40,399</b>	<b>(13,628,686)</b>	<b>(149,411)</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2019

Note	Half-year Ended 31/12/2019 \$	Half-year Ended 31/12/2018 \$
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,167,980	202,043
Payments to suppliers and employees	(2,128,754)	(1,160,088)
Interest received	71	69
Finance costs paid	(2,165)	-
Net cash (used in) operating activities	(962,868)	(957,976)
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares	125,000	613,804
Funds received in advance of the issue of shares	15,000	-
Proceeds from loans received	852,500	215,000
Loan repayments	(32,221)	-
Net cash provided by financing activities	960,279	828,804
<b>Net (decrease) in cash held</b>	<b>(2,589)</b>	<b>(129,172)</b>
Cash and cash equivalents at the beginning of the period	82,379	241,793
Cash and cash equivalents at the end of the period	79,790	112,621

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

It is recommended that the financial statements are read in conjunction with the annual financial report for the period ended 30 June 2019 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim financial statements have been approved and authorised for issue by the Board on 18 November 2020.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant or material change to the Group's accounting policies.

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

### AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. There was no impact of adoption at 1 July 2019.

### Functional and presentation currency

These financial statements are presented in Australian dollars, which is the functional currency of Peppermint Innovation Limited.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business. As disclosed in the financial statements, the Group incurred a net loss of \$1,019,836 and had net cash outflows from operating activities of \$962,868 for the half-year period ended 31 December 2019. As at that date, the Group's current liabilities exceeded its current assets by \$297,852 and had net liabilities of \$1,562,137.

The Directors believe that there are reasonable grounds to believe that the Group will continue as a going concern, after consideration of the following factors:

- The expectation that revenue will continue to increase as a result of growth in the agent base to distribute the Groups products;
- In accordance with the Corporations Act 2001, the Group has plans to raise further working capital through the issue of equity during the financial year end 30 June 2021;
- Subsequent to period end:
  - the Group sold its mineral exploration licences in Zambia for \$650,000;
  - \$265,000 was raised from the placement of 26,500,000 shares at \$0.01 per share with 26,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
  - \$405,000 was raised from the placement of 40,500,000 million shares at \$0.01 per share with, subject to shareholder approval, 40,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
  - The Company agreed to issue 50,000,000 shares at \$0.01 per share to raise \$500,000 with 50,000,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 December 2021, of which 15,000,000 are subject to shareholder approval, within 3 days of the Company releasing its 2020 Annual Report;
  - The conversion price of the convertible note with a face value of \$1,500,000 was changed from \$0.025 to \$0.01, the maturity date was extended from 30 April 2021 to 30 April 2022, interest accrued to 30 April 2020 was capitalised increasing the face value of the convertible notes to \$1,673,358 and change was made to the noteholder of \$1,500,000 previously issued convertible notes. The adjustment to the conversion price is subject to shareholder approval which is intended to be sought at the Company's annual general meeting of shareholders; and
- The successful completion of the capital raisings detailed in Note 12 Events After Balance Sheet Date; and
- The Group has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. Should the Group not achieve the matters set out above, there is a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group is not able to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

## 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, presently operating in 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.

Half-year Ended 31 December 2019	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
<b>Revenue</b>						
External customers	1,169,747	233	-	1,169,980	-	1,169,980
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,169,747</b>	<b>233</b>	<b>-</b>	<b>1,169,980</b>	<b>-</b>	<b>1,169,980</b>
<b>Income/(expenses)</b>						
Depreciation and amortisation	-	-	-	-	-	-
<b>Segment profit</b>	<b>(197,843)</b>	<b>(5,155)</b>	<b>(819,329)</b>	<b>(1,022,327)</b>	<b>2,491</b>	<b>(1,019,836)</b>
<b>Total assets</b>	<b>156,703</b>	<b>4,602</b>	<b>2,288,470</b>	<b>2,449,775</b>	<b>(2,259,550)</b>	<b>190,225</b>
<b>Total liabilities</b>	<b>44,312</b>	<b>2,331</b>	<b>1,682,714</b>	<b>1,752,362</b>	<b>-</b>	<b>1,752,362</b>

Half-year Ended 31 December 2018	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
<b>Revenue</b>						
External customers	223,157	108	-	223,265	-	223,265
Inter-segment	-	-	-	-	-	-
<b>Total revenue</b>	<b>223,157</b>	<b>108</b>	<b>-</b>	<b>223,265</b>	<b>-</b>	<b>223,265</b>
<b>Income/(expenses)</b>						
Depreciation and amortisation	28,229	-	-	28,229	-	28,229
<b>Segment profit</b>	<b>(185,374)</b>	<b>(71,867)</b>	<b>(830,270)</b>	<b>(1,087,511)</b>	<b>-</b>	<b>(1,087,511)</b>
<b>Total assets</b>	<b>123,182</b>	<b>20,152</b>	<b>1,895,754</b>	<b>2,039,088</b>	<b>(1,819,880)</b>	<b>219,208</b>
<b>Total liabilities</b>	<b>1,242,081</b>	<b>604,300</b>	<b>341,216</b>	<b>2,187,597</b>	<b>(1,818,978)</b>	<b>368,619</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 3. LOSS PER SHARE

	Half-year Ended 31/12/2019 \$	Half-year Ended 31/12/2018 \$
(Loss) for the period	(\$1,019,836)	(\$1,087,511)
Weighted average number of ordinary shares used in the (loss) per share calculations	990,883,341	976,095,505
Basic and diluted (loss) per share (cents)	(0.10)	(0.11)

## 4. DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half-year ended 31 December 2019.

## 5. REVENUE

	Half-year Ended 31/12/2019 \$	Half-year Ended 31/12/2018 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	1,118,197	162,366
Rendering of services	51,783	60,899
	<u>1,169,980</u>	<u>223,265</u>

### *Disaggregation of revenue*

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

	Mobile Banking and Payment Services	International Remittance	Total
<b>Half-year Ended 31 December 2019</b>			
<i>Major product lines</i>			
ELoad sales	1,118,197	-	1,118,197
Software development services	43,464	-	43,464
System usage fees and commissions	8,086	233	8,319
	<u>1,169,747</u>	<u>233</u>	<u>1,169,980</u>

### *Timing of revenue recognition*

Goods transferred at a point in time	1,118,197	-	1,118,197
Services transferred at a point in time	8,086	233	8,319
Services transferred over time	43,464	-	43,464
	<u>1,169,747</u>	<u>233</u>	<u>1,169,980</u>

### **Half-year Ended 31 December 2018**

<i>Major product lines</i>			
ELoad sales	162,366	-	162,366
Software development services	52,274	-	52,274
System usage fees and commissions	8,517	108	8,625
	<u>223,157</u>	<u>108</u>	<u>223,265</u>

### *Timing of revenue recognition*

Goods transferred at a point in time	162,366	-	162,366
Services transferred at a point in time	8,517	108	8,625
Services transferred over time	52,274	-	52,274
	<u>223,157</u>	<u>108</u>	<u>223,265</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 6. FINANCIAL ASSETS AND LIABILITIES

	As at 31/12/2019 \$	As at 30/06/2019 \$
<b>Financial liabilities - current</b>		
Related party loan (a)	-	17,098
Convertible notes and accrued interest (b)	-	664,012
Derivative liability (b)	-	65,644
Premium funding	-	14,746
	-	761,500
<b>Financial liabilities – non-current</b>		
Convertible notes and accrued interest (b)	1,266,865	-
	1,266,865	-

### (a) Related party loan

\$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain, Managing Director and CEO of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and was repaid during the period.

### (b) Convertible notes

#### (i) \$1,500,000 convertible notes maturing on 30 April 2021

During the half-year period the expiry date of the \$1,500,000 convertible notes was extended from 30 April 2020 to 30 April 2021 in consideration for the issue of 35,000,000 options to acquire shares at \$0.01 each on or before 30 May 2021.

The convertible notes mature on 30 April 2021, or as the parties otherwise agree in writing, bear 12% interest per annum from the date of receipt of funds unless redeemed or converted earlier, and are convertible into fully paid ordinary shares at 2.5 cps (\$0.025).

The convertible notes provide the holder with 30,000,000 unlisted options with an exercise price of \$0.014 on or before 20 May 2021 and 35,000,000 unlisted options with an exercise price of \$0.01 on or before 30 May 2021.

The convertible notes are secured by the Company's 100% owned subsidiary Zambian Copper Pty Ltd, which holds the Company's mineral exploration project in Zambia, which was sold subsequent to the end of the reporting period.

The convertible notes have a face value of \$1,500,000, which has been valued and has a carrying amount of \$1,266,865 as at 31 December 2019.

The value of conversion rights on convertible notes of \$28,624 was recognised in the convertible note reserve (see Note 8) and is amortised as notional interest over the term of the convertible notes.



# NOTES TO THE FINANCIAL STATEMENTS

## 6. FINANCIAL ASSETS AND LIABILITIES (continued)

During the period, 17,050,000 unlisted options with an exercise price of \$0.014 on or before 20 May 2021 were issued as part of the consideration on convertible notes, 35,000,000 unlisted options with an exercise price of \$0.01 on or before 30 May 2021 were issued in consideration for extending the expiry date of the convertible notes to 30 April 2021, and a value of \$259,500 was recognised in the convertible note reserve (see Note 8). This value along with the opening value is amortised as notional interest over the term of the convertible notes.

Subsequent to period end the convertible note of \$1,500,000 maturing on 30 April 2021 were restructured whereby \$173,358 of interest accrued to 30 April 2020 was capitalised, the conversion price was reduced from \$0.025 to \$0.01 and expiry was extended to 30 April 2022

### (ii) Convertible notes maturing on 26 November 2019

The convertible notes with a face value of \$150,000 maturing on 26 November 2019, bearing 12% interest per annum, and convertible into fully paid ordinary shares at the lower of a 20% discount from 10 day VWAP or \$0.01.

The convertible notes were converted into 15,000,000 shares and accrued interest was settled by the issue of a further 1,422,000 shares.

## 7. ISSUED CAPITAL

### (a) Ordinary shares

	As at 31/12/2019 \$	As at 30/06/2019 \$
Fully paid ordinary shares 1,016,504,461 (30 June 2019: 987,582,461)	13,435,095	13,145,875
<b>Movements in issued capital</b>	<b>Number of Shares</b>	<b>\$</b>
Balance 1 July 2019	987,582,461	13,145,875
Shares issued at \$0.01	12,500,000	125,000
Conversion of convertible note (see Note 6(b)(ii))	15,000,000	150,000
Shares issued in lieu of convertible note interest (see Note 6(b)(ii))	1,422,000	14,220
<b>Balance 31 December 2019</b>	<b>1,016,504,461</b>	<b>13,435,095</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. ISSUED CAPITAL (continued)

#### (b) Performance Shares

100,000,000 performance shares are on issue. Each performance share converts to a fully paid ordinary share on the basis of one (1) performance share into one (1) fully paid ordinary share in the capital of the Company, upon the following milestones being achieved:

Event/Milestone	Number of Shares
Milestone 1: the Company or its subsidiaries generating cumulative revenue of \$15,000,000 from the Mobile Banking Payments Remittance Business (MBPRB) by 20 May 2020	50,000,000
Milestone 2: the Company or its subsidiaries generating cumulative revenue of \$50,000,000 from the MBPRB by 20 May 2020	50,000,000
	<u>100,000,000</u>

As at 31 December 2019, none of the milestones of the performance shares had been achieved.

#### (c) Options

The following unlisted options to acquire fully paid ordinary shares were on issue:

Number	Exercise Price	Expiry Date	Exercise Condition
10,000,000	\$0.03	27 Aug 2020	After the 30 day volume weighted average price of fully paid ordinary shares exceeds 5 cents.
10,000,000	\$0.03	27 Aug 2020	After the 30 day volume weighted average price of fully paid ordinary shares exceeds 10 cents.
10,000,000	\$0.05	27 Aug 2020	After the 30 day volume weighted average price of fully paid ordinary shares share price exceeds 15 cents.
10,000,000	\$0.05	27 Aug 2020	After the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 20 cents.
30,000,000	\$0.014	20 May 2021	None
35,000,000	\$0.01	30 May 2021	None
<b>105,000,000</b>			

### 8. CONVERTIBLE NOTE RESERVE

The convertible note reserve arises from bifurcating the derivatives embedded in the convertible notes (see Note 6(b) for further details). A value of \$288,124 was recognised, as follows:

- The value of conversion rights on convertible notes of \$28,624 was recognised in the convertible note reserve and is amortised as notional interest over the term of the convertible notes.
- 17,050,000 unlisted options with an exercise price of \$0.014 on or before 20 May 2021 were issued as part of the consideration on convertible notes, 35,000,000 unlisted options with an exercise price of \$0.01 on or before 30 May 2021 were issued in consideration for extending the expiry date of the convertible notes to 30 April 2021, and a value of \$259,500 was recognised in the convertible note reserve.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. FAIR VALUE MEASUREMENT 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.

### *Recognised fair value measurements*

The following table presents the Group's liabilities measured at fair value at 31 December 2019 and 30 June 2019:

At 31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Convertible notes	-	1,266,865	-	1,266,865
<b>Total</b>	<b>-</b>	<b>1,266,865</b>	<b>-</b>	<b>1,266,865</b>

At 30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Convertible notes	-	761,500	-	761,500
<b>Total</b>	<b>-</b>	<b>761,500</b>	<b>-</b>	<b>761,500</b>

### *Fair value of other financial instruments not measured at fair value*

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

## 10. RELATED PARTY TRANSACTIONS

A loan of \$15,000 and accrued interest of \$2,221 from Fich Pty Ltd, an entity controlled by Mr Christopher Kain Managing Director of the Company, was repaid during the period.

There were no other transactions with related parties during the half-year other than those that were on the same basis as stated in the 30 June 2019 Annual Report.

## 11. CONTINGENT ASSETS AND LIABILITIES

The Group holds 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects. The Group ceased funding this company and all assets were impaired on 4 December 2015, and this entity was sold subsequent to period end.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date:

- The Group sold its mineral exploration licences in Zambia for \$650,000;
- \$265,000 was raised from the placement of 26,500,000 shares at \$0.01 per share with 26,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
- \$405,000 was raised from the placement of 40,500,000 million shares at \$0.01 per share with, subject to shareholder approval, 40,500,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 March 2021;
- The Company agreed to issue 50,000,000 shares at \$0.01 per share to raise \$500,000 with 50,000,000 free attaching unlisted options with a \$0.01 exercise price on or before 31 December 2021, of which 15,000,000 are subject to shareholder approval, within 3 days of the Company releasing its 2020 Annual Report;
- The conversion price of the convertible note with a face value of \$1,500,000 was changed from \$0.025 to \$0.01, the maturity date was extended from 30 April 2021 to 30 April 2022, interest accrued to 30 April 2020 was capitalised increasing the face value of the convertible notes to \$1,673,358 and change was made to the noteholder of \$1,500,000 previously issued convertible notes. The adjustment to the conversion price is subject to shareholder approval which is intended to be sought at the Company's annual general meeting of shareholders;
- 40,000,000 performance options with a maturity of 27 August 2020 expired unexercised; and
- The Company secured a commitment of \$2 million for a placement of 200,000,000 shares at \$0.01 per share, subject to shareholder approval, with funds being released to the Company within 5 business days of the Company's securities being reinstated to trading on the Official List of the Australian Securities Exchange Limited.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the matters referred to above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Mr Christopher Kain**  
Managing Director  
18<sup>th</sup> November 2020

**RSM Australia Partners**

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

We have reviewed the accompanying half-year financial report of Peppermint Innovation Limited which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peppermint Innovations Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**THE POWER OF BEING UNDERSTOOD**

**AUDIT | TAX | CONSULTING**

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Peppermint Innovation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the interim financial report, which indicates that the Group incurred a net loss of \$1,019,836 and had net cash outflows from operating activities of \$962,868 during the half-year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by \$297,852 and had net liabilities of \$1,562,137. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

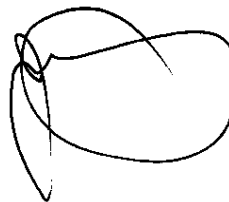
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Peppermint Innovation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



JAMES KOMNINOS  
Partner

Perth, WA  
Dated: 18 November 2020

# Appendix 4D

(Rule 4.2A.3)

## Half year report

Name of entity

Peppermint Innovation Limited	56 125 931 964
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### 1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2019	31 December 2018

### 2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	up	424%	to	1,170
2.2	Loss from ordinary activities after tax attributable to members	down	6%	to	1,020
2.3	Net loss for the period attributable to members	down	6%	to	1,020
2.4	<b>Brief explanation of results</b>				
	Revenue increased as the Group's Bizmoto agent network continued to grow transaction volumes increased.  For further details, please refer to the interim financial report.				

### 3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(\$0.0015)	\$0.0003

### 4 Control gained or lost over entities having material effect

Not applicable.



**5. Dividends**

There were no dividends declared or paid during the period and the do not recommend that any dividends be paid.

**6. Dividend Reinvestment Plans**

Not applicable.

**7. Material interest in entities which are not controlled entities**

Not applicable.

**8. Independent Review Report**

Refer to the attached Half Year Financial Report for the half-year ended 31 December 2019.

**9. Compliance Statement**

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2019.

Signed here:



Date: 19<sup>th</sup> November 2020

Print name:

Anthony Kain  
Executive Director