

Appendix 4D

(Rule 4.2A.3)

Half-year Report

Name of entity

Peppermint Innovation Limited

56 125 931 964

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")

Financial period ended ("previous period")

31 December 2024

31 December 2023

2. Results for Announcement to the Market

| | | | | | \$'000 |
|-----|---|------|-------|----|-----------|
| 2.1 | Revenue from ordinary activities | Down | (19%) | to | \$132 |
| 2.2 | Loss from ordinary activities after tax attributable to members | Down | (27%) | to | (\$1,311) |
| 2.3 | Net loss for the period attributable to members | Down | (59%) | to | (\$826) |

3. NTA Backing

| | Current Period | Previous Corresponding Period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | (\$0.0002) | \$0.0008 |

4. Control Gained or Lost Over Entities Having Material Effect

Name of entity: Peppermint Intelligence Ltd
Peppermint Intelligence Pty Ltd

Date lost control: 28 November 2024

Contribution of such entities to the reporting entity's net (loss) for the period attributed to members, a profit from discontinued operations after providing for income tax of \$422,846. The entities also reported a loss from ordinary activities after income tax from the discontinued operations of (\$143,857).

5. Dividends

No dividend was declared or paid during the period or recommended to be paid.

6. Dividend Reinvestment Plans

Not applicable.

7. Material interest in entities which are not controlled entities

Not applicable.

8. Independent Review Report

The Half-Year Financial Statements for the for the half-year ended 31 December 2024 have been reviewed by RSM Australia Partners.

9. Compliance Statement

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2024.



Anthony Kain
Company Secretary
28 February 2025

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PEPPERMINT INNOVATION LIMITED

(ACN 125 931 964)

Interim Financial Report

for the Half-year ended 31 December 2024



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Corporate Information

ABN 56 125 931 964

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Executive Director

Neal Cross
Non-executive Director

Company Secretary

Mr Anthony Kain

Solicitors

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

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

ASX Code: PIL

Share Registry

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

Tel: +61 8 9323 2000

Fax: +61 8 9323 2033

Web: www.computershare.com.au

Auditors

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

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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 2024. 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 and Chairman |
| Neal Cross | Non-Executive Director |

Review of Operations

Highlights

- **Strategic Funding Secured:** Peppermint Innovation Ltd (PIL) strengthened its financial position by securing up to AUD\$3 million through a convertible note agreement with Obsidian Global GP LLC, ensuring liquidity to drive growth initiatives.
- **Divestment of PINT:** Successfully sold Peppermint Intelligence Ltd (PINT) for GBP 235,000 (~AUD\$460,000), to recover all acquisition and operational costs since December 2023, allowing a sharper focus on core fintech operations in the Philippines.
- **Formation of Innovation Advisory Board:** Established an Innovation Advisory Board, bringing industry leaders on board to guide the strategic adoption of AI, automation, and data analytics in Peppermint's fintech services to enhance our current platform.
- **Enhanced Partnerships with MASS-SPECC:** Achieved a significant % increase in fund transfers into the Bizmoto wallet from ATM accounts within the MASS-SPECC network by value, demonstrating the beginning of strong adoption of digital financial services within cooperatives.
- **Integration of Fund Transfer Systems:** Significant progress made in the integration of Instapay, PESONet, and Real-Time Gross Settlement (RTGS) fund transfers, with a go-live date set for Q1 2025, ensuring seamless financial transactions for Bizmoto users and more value for Bizmoto.
- **bizmoLoan Performance:** bizmoLoan revenue continued to grow, with an 800% year-over-year revenue surge, highlighting strong demand for microfinance lending solutions and the facility provided by bizmoLoan.

Overview

The Half-Year 2024 (HY24) period marked a significant phase of evolution for Peppermint Innovation Ltd, characterized by strategic realignments, financial strengthening, and operational advancements. This period saw the successful divestment of Peppermint Intelligence Ltd (PINT), securing Peppermint's focus on its core fintech operations in the Philippines while optimizing its financial position. Concurrently, the company strengthened its strategic partnerships with MASS-SPECC, expanding the reach of its fintech solutions to cooperative members across the country.

With the formation of an Innovation Advisory Board, Peppermint is reinforcing its commitment to integrating artificial intelligence (AI) and automation into its digital financial services, ensuring a scalable, efficient, and technologically advanced platform. The expansion of bizmoLoan, the development of new fund transfer integrations through Instapay, PESONet, and Real-Time Gross Settlement (RTGS), and the successful capital raising efforts all underscore Peppermint's progress towards becoming a leading force in financial inclusion and microfinance enablement in the Philippines.

As Peppermint Innovation enters the next phase of its growth, the strategic application of AI, automation, and seamless payment integrations will be fundamental in shaping the company's future trajectory. These efforts are expected to enhance loan underwriting, improve transaction efficiencies, and drive long-term shareholder value.

1. Strengthening MASS-SPECC Partnership

A key highlight of HY24 was the continued expansion of Peppermint's partnership with MASS-SPECC Cooperative Development Centre, a network of over 340 cooperatives serving 3.4 million members across the Philippines. The deployment of the Pinoy Coop Mobile (PCM) App, integrated with Bizmoto's payment and financial services, has seen rapid adoption.

Notably, the Tagum Cooperative, one of the largest in Mindanao, launched the PCM App in September 2024. By the end of the December quarter, the PCM platform had onboarded a total of 6,756 users, facilitating financial transactions for thousands of cooperative members. After initial introduction and familiarisation this take up is now accelerating.

The adoption of Bizmoto's fund transfer capabilities within the MASS-SPECC network has also driven strong transaction growth. The December quarter saw a 592% increase in fund transfer value into Bizmoto wallets from ATM-linked accounts, accompanied by a 352% increase in transaction volume. The rising trust and usage of digital financial services within cooperatives further validate Peppermint's role in expanding financial inclusion and the ability for both MASS-SPECC (with whom we share returns in the partnership) and Peppermint to earn transaction fees from their work.

2. bizmoLoan Performance

bizmoLoan delivered strong results in the September 2024 quarter, continuing its upward trajectory with a 38% increase in revenue compared to the previous quarter. The platform benefited from increased loan disbursements and refinements in its borrower assessment processes, contributing to an 800% year-over-year revenue growth. At the same time, Non-Performing Loan (NPL) rates showed steady improvement, reflecting the effectiveness of AI-driven credit scoring and enhanced risk management strategies.

In the December 2024 quarter, the platform faced some operational challenges due to industry-wide cybersecurity attacks, which led to temporary precautionary system downtimes. These disruptions impacted overall transaction volumes, resulting in a 23% decline in quarterly revenue. This was actually a valuable test for Peppermint which maintained the integrity of its loan portfolio, and its client's funds. With security enhancements now in place, bizmoLoan is expected to regain momentum in early 2025, supported by growing demand for AI-powered microfinance solutions and an increasingly sophisticated risk management framework.

3. Strategic Divestment of Peppermint Intelligence Ltd (PINT)

During HY24, Peppermint successfully divested its subsidiary (PINT) for GBP 235,000 (~AUD\$460,000), to recover its acquisition and operational costs from the past year. The acquisition of PINT was a genuine attempt to accelerate the technical team building and IT capabilities of the group. Unfortunately, apart from some early progress, that advantage did not continue to materialise in a way that the Company expected and Peppermint acted quickly to recover the costs that it had incurred.

This strategic move:

- Eliminated ongoing operational expenses related to PINT, including AUD\$278,520 in costs during the December quarter alone.
- Allowed management to sharpen its focus on Peppermint's fintech operations in the Philippines.
- Strengthened cash reserves, enhancing the company's ability to invest in core growth initiatives.

With PINT no longer in its portfolio, Peppermint remains fully dedicated to scaling its microfinance and payment platform offerings in the Philippines, ensuring a more streamlined and focused growth strategy.

4. Establishment of the Innovation Advisory Board

Recognizing the transformative role of artificial intelligence and automation in fintech, Peppermint formed an Innovation Advisory Board to guide its technological strategy and execution.

Key appointments include:

- Neal Cross – A leading figure in fintech innovation, bringing deep expertise in financial services technology.
- Shashank Pawar – Current Microsoft Director of Data Modernization for the Asia-Pacific region, whose insights into AI and data analytics will help shape Peppermint's next-generation digital capabilities.

5. Integration of Instapay, PESONet, and RTGS Fund Transfers

A major milestone in HY24 was Peppermint's preparation for direct integration with the Philippines' national payment systems:

- Instapay (real-time fund transfers)
- PESONet (batch electronic fund transfers)
- Real-Time Gross Settlement (RTGS) with Bangko Sentral ng Pilipinas (BSP)

These integrations, set to go live in Q1 2025, will provide seamless, cost-effective fund transfer solutions, allowing customers to move money more efficiently while reducing dependency on third-party intermediaries and the extra costs that involves.

Poised for Continued Growth in 2025

The Half-Year 2024 period has been pivotal for Peppermint Innovation Ltd, setting the stage for long-term growth and operational scalability. With strong financial positioning, an enhanced fintech ecosystem, and strategic AI-driven advancements, the company is well-prepared to drive financial inclusion and technological innovation in 2025 and beyond.

Peppermint remains committed to leveraging AI, automation, and strategic partnerships to scale its operations, and the use of its proprietary platform and technology, to enhance customer experience, and create long-term shareholder value.

The loss for the Group after providing for income tax amounted to \$888,635, including discontinued operations and a loss from continued operations of \$1,311,481, whereas the loss for the Group for the same period ending 31 December 2023 was \$1,571,566.

Significant changes in the state of affairs

On 28 November 2024, the Group entered into a share purchase agreement to sell the Artificial Intelligence ("AI") and customer experience ("CX") business. The "AI" and "CX" business includes two subsidiary companies Peppermint Intelligence Limited (UK Company) and Peppermint Intelligence Pty Ltd (Australian company). 100% of the issued shares of both companies have been acquired by Pyjama Shark Group Ventures Limited, an unlisted UK Company for £235,000 on terms usual for a transaction of this type with an upfront payment of £100,000 and £135,000 paid on a monthly basis over the next 18 months.

Events After the Balance Sheet Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the 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.

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 7 and forms part of this Directors' report for the half-year ended 31 December 2024.

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 28th day of February 2025

RSM Australia Partners

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The Esplanade Perth WA 6000
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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 2024, 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

RSM AUSTRALIA



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 28 February 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income Half-Year Ended 31 December 2024

| | Note | Half-year Ended 31 December 2024 | Half-year Ended 31 December 2023 |
|--|------|---|---|
| | | \$ | \$ |
| Revenue | 4 | 131,506 | 162,227 |
| Cost of sales | | (121,501) | (43,077) |
| Gross profit | | 10,005 | 119,150 |
| Other income | | 315,253 | 4,196 |
| Administration expenses | | (1,469,736) | (1,694,708) |
| Finance costs | | (55,906) | (204) |
| Fair Value adjustment – Derivatives | | (111,097) | - |
| (Loss) before income tax expense | | (1,311,481) | (1,571,566) |
| Income tax expense | | - | - |
| (Loss) for the period from continuing operations | | (1,311,481) | (1,571,566) |
| Discontinued Operations | | | |
| Profit for the period from discontinued operations | 11a | 422,846 | - |
| (Loss) for the period | | (888,635) | (1,571,566) |
| Other comprehensive income / (loss) | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Movement in foreign translation reserve | | 61,942 | (30,183) |
| | | 61,942 | (30,183) |
| Total comprehensive (loss) for the period | | (826,693) | (1,601,749) |
| Basic and diluted (loss) per share (in cents) | 5 | (0.04) | (0.08) |
| Basic and diluted (loss) per share (in cents) from continuing operations | 5 | (0.06) | (0.08) |

The accompanying notes form part of these financial statements.

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**Condensed Consolidated Statement of Financial Position
As at 31 December 2024**

| | Note | Half-year Ended 31 December 2024 | Full-year Ended 30 June 2024 |
|---------------------------------------|------|---|------------------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,200,391 | 1,225,840 |
| Trade and other receivables | | 427,794 | 350,221 |
| Other assets | | 12,663 | 12,169 |
| Total Current Assets | | 1,640,848 | 1,588,230 |
| Non-current Assets | | | |
| Other non-current assets | | 22,850 | 7,200 |
| Total Non-current Assets | | 22,850 | 7,200 |
| TOTAL ASSETS | | 1,663,698 | 1,595,430 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 418,825 | 745,385 |
| Provisions | | 440,527 | 397,066 |
| Total Current Liabilities | | 859,352 | 1,142,451 |
| Non-Current Liabilities | | | |
| Borrowings | 8 | 593,850 | - |
| Financial liabilities | 9 | 584,210 | - |
| Total Non-Current Liabilities | | 1,178,060 | - |
| TOTAL LIABILITIES | | 2,037,412 | 1,142,451 |
| Net (Liabilities)/Assets | | (373,714) | 452,979 |
| EQUITY | | | |
| Issued capital | 7 | 26,481,047 | 26,481,047 |
| Reserves | | 1,295,278 | 1,233,336 |
| Accumulated losses | | (28,150,039) | (27,261,404) |
| TOTAL EQUITY (DEFICIT)/SURPLUS | | (373,714) | 452,979 |

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity
As at 31 December 2024

| | Issued capital | Share based payment reserve | Foreign Currency Translation Reserve | Accumulated losses | Total |
|--|-------------------|-----------------------------|--------------------------------------|---------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2024 | 26,481,047 | 1,147,881 | 85,455 | (27,261,404) | 452,979 |
| (Loss) for the period | - | - | - | (888,635) | (888,635) |
| Movement in foreign currency translation reserve | - | - | 61,942 | - | 61,942 |
| Total comprehensive loss for the period | - | - | 61,942 | (888,635) | (826,693) |
| Balance at 31 December 2024 | 26,481,047 | 1,147,881 | 147,397 | (28,150,039) | (373,714) |
| Balance at 1 July 2023 | 25,410,716 | 615,131 | 109,819 | (23,472,644) | 2,663,022 |
| (Loss) for the period | - | - | - | (1,571,566) | (1,571,566) |
| Movement in foreign currency translation reserve | - | - | (30,183) | - | (30,183) |
| Total comprehensive loss for the period | - | - | (30,183) | (1,571,566) | (1,601,749) |
| Balance at 31 December 2023 | 25,410,716 | 615,131 | 79,636 | (25,044,210) | 1,061,273 |

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cashflows Half-Year Ended 31 December 2024

| | Note | Half-year Ended 31 December 2024 | Half-year Ended 31 December 2023 |
|--|--------|---|---|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 714,193 | 160,227 |
| Payments to suppliers and employees | | (2,237,382) | (1,560,571) |
| Interest received | | 2,738 | 4,196 |
| Finance costs paid | | (1,445) | (204) |
| Research and development tax offset | | 312,515 | - |
| Net cash (used in) operating activities | | <u>(1,209,381)</u> | <u>(1,396,352)</u> |
| Cash flows from Investing activities | | | |
| Purchase of plant and equipment | | (9,151) | - |
| Proceeds on sale of plant and equipment | | 1,101 | - |
| Cash (disposed)/received from subsidiary | | (1,959) | 270,305 |
| Proceeds from disposal of subsidiary | 11 (b) | 193,941 | - |
| Net cash provided by financing activities | | <u>183,932</u> | <u>270,305</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of convertible note | 8 | 1,000,000 | - |
| Net cash used in financing activities | | <u>1,000,000</u> | <u>-</u> |
| Net increase (decrease) in cash held | | (25,449) | (1,126,047) |
| Cash and cash equivalents at the beginning of the period | | 1,225,840 | 3,055,677 |
| Cash and cash equivalents at the end of the period | | <u>1,200,391</u> | <u>1,929,630</u> |

The accompanying notes form part of these financial statements.

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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 2024 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 2024 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 28 February 2025.

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

Functional and presentation currency

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the six months ended 31 December 2024, the Group incurred a loss after tax of \$888,635 including discontinued operations, a loss from continued operations of \$1,311,481, and reported net cash used in operating activities of \$1,209,381.

These matters give rise to a material uncertainty regarding the Group's ability to continue as a going concern and therefore its ability to realize its assets and settle its liabilities in the ordinary course of business at the amounts stated in the financial statements.

The Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that adopting the going concern basis in preparing the financial report is appropriate after considering the following factors.

The Directors anticipate the availability of further funding through equity or debt raisings, including a convertible securities and placement agreement securing a commitment for up to \$3 million through the issuance of convertible notes. Initial tranches totalling \$1 million have been drawn down at the date of this report, with a further \$2 million available based on mutual agreement.

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.

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 does not continue as a going concern.

2. 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.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

On 28 November 2024, the Group entered into a share purchase agreement to sell the Artificial Intelligence ("AI") and customer experience ("CX") business. The "AI" and "CX" business includes two subsidiary companies Peppermint Intelligence Limited (UK Company) and Peppermint Intelligence Pty Ltd (Australian company). 100% of the issued shares of both companies have been acquired by Pyjama Shark Group Ventures Limited, an unlisted UK Company for £235,000 on terms usual for a transaction of this type with an upfront payment of £100,000 and £135,000 paid on a monthly basis over the next 18 months.

4. 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.

| | Mobile Banking and Payment Services | International Remittance | Head Office | Total Segments | Adjustments and Eliminations | Consolidated |
|---|---|-----------------------------|------------------|-------------------|------------------------------------|--------------------|
| Half-year Ended 31 December 2024 | | | | | | |
| Revenue | | | | | | |
| External customers | 131,506 | - | - | 131,506 | - | 131,506 |
| Inter-segment | - | - | - | - | - | - |
| Total revenue | 131,506 | - | - | 131,506 | - | 131,506 |
| Income/(expenses) | | | | | | |
| Depreciation and amortisation | (1,610) | - | - | (1,610) | - | (1,610) |
| Segment profit continuing operations | (588,203) | - | (732,278) | (1,311,481) | - | (1,311,481) |
| Profit from discontinued operations | | | | | | 422,846 |
| Loss after tax | | | | | | (888,635) |
| Total assets | 2,844,456 | - | 4,471,188 | 7,315,644 | (5,651,946) | 1,663,698 |
| Total liabilities | 392,382 | - | 2,659,793 | 3,052,174 | (1,014,762) | 2,037,412 |
| Half-year Ended 31 December 2023 | | | | | | |
| Revenue | | | | | | |
| External customers | 162,227 | - | - | 162,227 | - | 162,227 |
| Inter-segment | - | - | - | - | - | - |
| Total revenue | 162,227 | - | - | 162,227 | - | 162,227 |
| Income/(expenses) | | | | | | |
| Depreciation and amortisation | - | - | - | - | - | - |
| Segment profit | (572,249) | (273) | (220,887) | (351,634) | (1,219,932) | (1,571,566) |
| Total assets | 3,634,929 | 1 | 7,117,162 | 10,752,092 | (8,557,111) | 2,194,981 |
| Total liabilities | 262,549 | 3,154 | 538,780 | 804,483 | 329,225 | 1,133,708 |

REVENUE

| | Half-year Ended 31 December 2024 | Half-year Ended 31 December 2023 |
|--|---|---|
| | \$ | \$ |
| <i>Revenue from contracts with customers</i> | | |
| Sale of goods | 84,580 | 74,166 |
| Rendering of services | 46,926 | 88,061 |
| | <u>131,506</u> | <u>162,227</u> |

Disaggregation of revenue

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

| | Mobile Banking and Payment Services | International Remittance | Total |
|---|--|-------------------------------------|----------------|
| | \$ | \$ | \$ |
| Half-year Ended 31 December 2024 | | | |
| <i>Major product lines</i> | | | |
| ELoad sales | 84,580 | - | 84,580 |
| System usage fees and commissions | 46,926 | - | 46,926 |
| | <u>131,506</u> | <u>-</u> | <u>131,506</u> |
| <i>Timing of revenue recognition</i> | | | |
| Goods transferred at a point in time | 84,580 | - | 84,580 |
| Services transferred at a point in time | 46,926 | - | 46,926 |
| | <u>131,506</u> | <u>-</u> | <u>131,506</u> |
| Half-year Ended 31 December 2023 | | | |
| <i>Major product lines</i> | | | |
| ELoad sales | 74,166 | - | 74,166 |
| System usage fees and commissions | 88,061 | - | 88,061 |
| | <u>162,227</u> | <u>-</u> | <u>162,227</u> |
| <i>Timing of revenue recognition</i> | | | |
| Goods transferred at a point in time | 74,166 | - | 74,166 |
| Services transferred at a point in time | 88,061 | - | 88,061 |
| | <u>162,227</u> | <u>-</u> | <u>162,227</u> |

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5. LOSS PER SHARE

| | Half-year Ended 31 December 2024 | Half-year Ended 31 December 2023 |
|--|---|---|
| | \$ | \$ |
| (Loss) for the period from continued operations | (1,311,481) | (1,571,566) |
| Weighted average number of ordinary shares used in the (loss) per share calculations | 2,131,338,975 | 2,037,851,062 |
| Basic and diluted (loss) per share (cents) | (0.04) | (0.08) |
| Basic and diluted (loss) per share (cents) from continued operations | (0.06) | (0.08) |

6. DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half-year ended 31 December 2024.

7. ISSUED CAPITAL

| | As at 31 December 2024 | As at 30 June 2024 |
|-----------------|-----------------------------------|-------------------------------|
| | \$ | \$ |
| Paid up capital | 26,481,047 | 26,481,047 |

(a) Ordinary shares

| 31 December 2024 movement in issued capital | Number of Shares | \$ |
|--|-----------------------------|-------------------|
| Balance at 1 July 2024 | 2,121,352,562 | 26,481,047 |
| Placement shares issued | 37,500,000 | - |
| | <u>2,158,852,562</u> | <u>26,481,047</u> |
| Placement shares issued as part of convertible note raising* | 37,500,000 | - |

* Refer Note 8 for further details regarding the placement shares

On 4 December 2024, the holder of the placement shares sold 2 million shares on market.

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(b) Options

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

| Number | Exercise Price | Expiry Date | Exercise Condition |
|--------------------|----------------|---------------|--------------------|
| 20,000,000 | \$0.01 | 30 March 2025 | None |
| 20,000,000 | \$0.015 | 30 March 2025 | None |
| 15,000,000 | \$0.0225 | 1 March 2027 | None |
| 15,000,000 | \$0.010 | 1 March 2027 | None |
| 20,000,000 | \$0.015 | 1 March 2027 | None |
| 15,000,000 | \$0.020 | 1 March 2027 | None |
| 105,000,000 | | | |

(c) Performance rights

The following performance rights were on issue:

| Vesting Condition | Number |
|---|------------|
| Tranche C: To be awarded when the Company achieves \$1m net income/profit as validated against audited/reviewed financial reports on or before 30 June 2025 | 23,700,000 |
| | 23,700,000 |

The achievement of the vesting conditions is not probable, resulting in no expenditure being recorded during the period.

8. BORROWINGS**Convertible Note**

During the period the Group issued 665,095 0% convertible notes with a face value of US\$764,859 for \$1,000,000 in two tranches. The notes are convertible into ordinary shares of the Group, at the option of the holder, at the option of the Group, or else redeemable at maturity or when the Group raises funds from other investors. The notes do not bear coupon interest, but when redeemed at maturity or at an early redemption date are redeemed at 105% of their face value. The notes mature 36 months following their issuance date.

The noteholder may elect to redeem all or part of their noteholdings in the event of the Group raising funds from any source (other than the noteholder) subject to the following from the portion of proceeds from fundraising :

- (a) up to \$2,500,000, 20% of the total
- (b) over and above \$2,500,000, 35% of the total

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The conversion rate is either fixed or variable, dependent both upon the election of the noteholder and the operation of certain limiting conditions. The fixed conversion price is \$0.012 and the variable conversion price is the lesser of:

- (a) 90% of the average of the lowest 3 daily VWAPs during the 15 Actual Trading Days prior to the Conversion Notice Date rounded down to the lowest A\$0.001; and
- (b) the Fixed Conversion Price,

Subject to a minimum floor price of \$0.0035.

The noteholder may elect to use the variable conversion price when both of the following conditions are met:

- (a) after the day which is 60 days after the Execution Date (or such longer period as the Investor may agree in writing); and
- (b) where any 20 day VWAP during the period commencing on the Execution Date and ending on the relevant Conversion Notice Date is less than the Fixed Conversion Price.

Additionally, the noteholder may not give a Conversion Notice where the number of Conversion Shares the subject of that Conversion Notice would exceed 4.99% of the number of Shares on issue.

Concurrently with the issuance of the convertible notes, the Group agreed with the noteholder to issue them 37,500,000 ordinary shares subject to the following conditions:

- (a) The noteholder must not sell on any trading day in excess of the greater of:
 - i) 20% of the Group's daily trading volume (as reported by IRESS)
 - ii) \$20,000
- (b) Payment is due at the earliest of the noteholder agreement terminating or expiring, repayment or conversion of all outstanding notes. The noteholder may settle the amount outstanding through either of the options noted below:
 - i) Pay the Group an amount equal to the number of outstanding placement shares multiplied by 90% of the average of the lowest 3 daily VWAPs during the 15 Actual Trading Days immediately prior to the date upon which the Noteholder makes the payment rounded down to the lowest A\$0.001; or
 - ii) Sell the outstanding placement shares on-market and pay 95% of the net sale proceeds to the Group; or
 - iii) Transfer the outstanding placement shares to the Company for no consideration

The noteholder may elect to offset conversion shares received against the outstanding placement shares number or else pay the company an amount per share equal to 90% of the average of the lowest 3 daily VWAPs during the 15 Actual Trading Days prior to the Payment Notice, rounded down to the lowest A\$0.001, which would reduce the number of shares used in the payment calculation noted above.

The issued notes constituted compound financial instruments, including a host component and a conversion component. The host component was classified as a foreign currency amortised cost liability measured using its effective interest rate and foreign exchange rates prevailing at balance date. The conversion option of the notes failed equity classification and as such was classified as a derivative liability. This conversion option also incorporated an embedded foreign currency derivative and these derivatives are valued together as a compound derivative instrument. The derivative is measured at fair value through profit and loss. The placement shares are derivative financial liabilities.

At inception, the Group allocated the consideration received between the various components of the transaction, firstly to the derivatives at fair value and subsequently to the host component.

| | As at 31 December 2024 | As at 30 June 2024 |
|------------------------------|---------------------------|-----------------------|
| | \$ | \$ |
| Face Value of notes issued | 1,000,000 | - |
| Incremental costs** | (53,746) | - |
| Conversion derivative | (398,727) | - |
| | 547,527 | - |
| Interest expense* | 18,821 | - |
| Foreign currency loss | 27,502 | - |
| Non current liability | 593,850 | - |

* Calculated using an effective interest rate of 23.2-26.0% (26.7-29.5% after costs) on the amortised cost portion of the convertible note liability

** Portion allocated to host contract

The fair value of the amortised cost portion of the convertible note liability at balance date was \$850,345 (2024: \$nil).

9. FINANCIAL LIABILITES

Derivative

| | As at 31 December 2024 | As at 30 June 2024 |
|---|---------------------------|-----------------------|
| | \$ | \$ |
| Derivative financial liabilities | | |
| Held for trading derivatives (current) | | |
| Conversion derivatives | 493,982 | - |
| Placement shares derivative liability | 90,228 | - |
| | 584,210 | - |

\$35,641 in incremental transaction costs were expensed relating to the acquisition of derivatives in the year.

10. RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the half-year other than those that were on the same basis as stated in the 30 June 2024 Annual Report.

11. DISPOSAL OF SUBSIDIARIES

- (a) On 28 November 2024, the Group disposed of 100% of its interest in Peppermint Intelligence Limited (UK Company) and Peppermint Intelligence Pty Ltd (Australian company).

The proceeds on disposal of £235,000 were received £100,000 upfront in cash and £135,000 to be paid in monthly instalments over the next 18 months.

Financial performance and cash flow information

The financial performance and cash flow information presented is for the period from 1 July 2024 to 28 November 2024 and the period 23 December 2023 to 31 December 2023.

| | Period 1 July 2024 to 28 November 2024 | Period 23 December 2023 to 31 December 2023 |
|---|---|--|
| | \$ | \$ |
| Revenue | 488,399 | - |
| Expenses | (632,256) | - |
| Profit/(Loss) | (143,857) | - |
| Income Tax Expense | - | - |
| (Loss)/Profit after income tax of discontinued operation | (143,857) | - |
| Profit on disposal of subsidiary after income tax (see (b) below) | 562,239 | - |
| Profit from discontinue operation | 418,382 | - |
| Exchange differences on translation of discontinued operations | 4,464 | - |
| Other comprehensive income from discontinued operations | 422,846 | - |
| Cash flows from discontinued operations | | |
| Net cash inflows from operating activities | (130,101) | 8,468 |
| Net cash outflows from investing activities | 193,083 | 242,293 |
| Net increase/(decrease) in cash generated by the disposed subsidiaries | 62,983 | 250,762 |

(b) Details of the sale of the subsidiary

| | Period 1 July 2024 to 28 November 2024 |
|--|---|
| | \$ |
| Cash consideration received | 193,941 |
| Cash consideration receivable | 261,820 |
| Total disposal consideration | <u>455,761</u> |
| Carrying value of net liabilities disposed | <u>106,478</u> |
| Profit on sale before income tax and reclassification of foreign currency translation reserve | <u>562,239</u> |
| Income tax expense | - |
| Reclassification of foreign currency translation reserve | <u>4,464</u> |
| Profit on disposal after income tax | <u>566,703</u> |
| The carrying amounts of assets and liabilities as at the date of sale (28 November 2024) were: | |
| Cash and cash equivalents | 1,959 |
| Trade and other receivable | 90,988 |
| Prepayments | 4,881 |
| Property, Plant and Equipment | 1,101 |
| Total Assets | <u>98,929</u> |
| Trade and other payables | (119,389) |
| Income in advance | (86,018) |
| Total liabilities | <u>(205,406)</u> |
| Net Liabilities | <u>(106,478)</u> |

12. CONTINGENT LIABILITIES

One of the Group's subsidiaries in The Philippines has been levied with a tax assessment of PHP 14.9m. The Group has taken legal and tax advice and does not believe there is basis for the assessment and is taking legal steps to defend this claim.

There are no further contingent assets nor liabilities.

13. EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the 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' 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 2024 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

28 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Peppermint Innovation Limited

Report on the Half-Year Financial Report

Conclusion

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 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2024 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$888,635 and had net cash outflows from operating of \$1,209,381 for the half year ended 31 December 2024. 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.

Responsibility of the Directors' for the Financial Report

The directors of Peppermint Innovation Limited 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 for the Review of the Financial Report

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 consolidated entity's financial position as at 31 December 2024 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.

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.

RSM
RSM AUSTRALIA



Perth, WA
Dated: 28 February 2025

ALASDAIR WHYTE
Partner