

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 2023	31 December 2022

2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	down	38%	to	162
2.2	Loss from ordinary activities after tax attributable to members	down	31%	to	1,572
2.3	Net loss for the period attributable to members	down	26%	to	1,602

2.4 Brief explanation of results

	<ul style="list-style-type: none">Acquired established and proven 'Application Modernisation' (focused on the use of Artificial Intelligence and the Customer Experience "AI & CX") business division from ASX-listed XPON Technologies.<ul style="list-style-type: none">Target comprised Xpon Digital Limited (renamed Peppermint Intelligence Limited 'PINT') and Holoscribe Australia Pty Ltd (renamed Peppermint Intelligence Pty Ltd 'PIPL')Secured contracts worth circa AUD\$365,000 in Q423, with revenues flowing in CY24Forecast sales pipeline of circa AUD \$1 millionSignificant opportunities to identify cost-efficiencies within respective technology teams once Peppermint Intelligence acquisition is fully integratedPeppermint's capital structure not impacted as no securities were issued in consideration for the Peppermint Intelligence acquisitionCommenced live testing of MASS-SPECC's Pinoy Coop App in Google Play App Store<ul style="list-style-type: none">Transactions of more than Php 1million conducted during live Pinoy Coop App testing with a small number of MASS-SPECC users during a 5-week period
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- Economics of MASS-SPECC partnership very compelling, with Peppermint forecast to earn on average 10c for every completed transaction via the Pinoy Coop App.
- Increased bizmoLoan gross revenue by circa 200%
 - Further refinement and enhancement of lending criteria and loan products
 - Focus on micro-business loans to Sari-Sari stores yields more revenue on fewer loans issued
 - Newly acquired AI and CX capabilities expected to develop and deploy additional enhancements to further improve bizmoLoan
- Continued marketing and promotion of bizmoto platform attracted more bizmoto users, totalling more than 80,000 by end of HY23
- Peppermint Bizmoto Inc. ("PBI") issued with Certificate of Registration ("COR") as an Operator of Payment Systems ("OPS") by the Bangko Sentral ng Pilipinas ("BSP")
 - Certification allows PBI to be listed among the BSP's 'approved and supervised' Operator Payment Systems throughout the Philippines, providing a safe, efficient and reliable payment and settlement system for Its Bizmoto users.
- PBI issued with Certificate of Eligibility ("COE") by the BSP for direct membership with the Philippines Payments Management Inc. ("PPMI")
 - Certification allow PBI to join PPMI In the PESONet and InstaPay Automated Clearing Houses ("ACH") as a Sending and Receiving Participant under the National Retail Payment System ("NRPS") of the Philippines.
- Peppermint signed 5-year strategic partnership agreement to provide MASS-SPECC's Pinoy Coop Mobile App
 - Agreement will see Peppermint deliver end-to-end services for MASS-SPECC's Pinoy Coop App, via white-labelling the Company's Electronic Money Issuer ("EMI") wallet and mobile application banking & financial services technology platform.
- Peppermint extends contract with major Philippines' leading health management organisation, Cooperative Health Management Federation ("CHMF")
 - Contract extension will allow Peppermint to make greater use of its EMI licence to offer services to CHMF's loyal 58,000 customers and more than 820 health providers across 185 Co-operatives.
- Ended HY23 with \$1.93 million cash at bank

Overview:

The Half Year 2023 (HY23) period was transformational for the Company, culminating in the strategic acquisition of XPON's Artificial Intelligence and Customer Experience (AI & CX) business division ("PINT") and live testing of MASS-SPECC's Pinoy Coop App in the Google Play App store.

Peppermint is at a pivotal point where strategic technological guidance and the ability to execute on AI and CX strategy is paramount to navigate the next phase of its growth, particularly in scaling automation and advancing the future roadmap of core technologies.

PEPPERMINT INTELLIGENCE (“PINT”)

The acquisition of PINT was consistent with Peppermint's growth strategy: to pursue strategic M&A opportunities that add value and extract additional revenue from Peppermint's established EMI licensed technology platform and loan book operations in the Philippines as well as vertically integrating across current operations to deliver new and diversified revenue streams. It has provided a massive shot in the arm for the Company and has the potential to turbo charge the Company's revenue growth in a short space of time which is exciting given industry experts are forecasting the global economy is moving into a new "super cycle" with artificial intelligence and decarbonisation being two significant driving factors.* Research published in August 2023 by Statista Market Insights noted the global market share of AI services in 2023 was circa USD\$241 billion, increasing to USD\$305 billion in 2024. In 2023, the AI market share in the UK alone was circa USD\$9.8 billion.**

PINT's AI & CX team has been instrumental in leading significant transformations and integrating advanced AI capabilities into various renowned businesses in the UK such as Informa, Amnesty International and Elementary Logix. Acquiring this established and proven team will allow Peppermint to leapfrog years of development in building similar capabilities, methodologies, frameworks and outputs from scratch to focus on the Company's business going forward. It will also enable Peppermint to accelerate its AI transformation across our bizmoLoan operations, especially in the areas of loan origination, credit scoring, management and collections to deliver on our vision to become a leading automated lending business to the financially underserved.

PINT's team aim to drive robust innovation, especially in the realm of the customer or user journeys, AI deployments, product efficiencies, scale and technology platform optimisation. This includes honing operational efficiencies to improve cost of deployment, research, development and operational expenditure. The team consists of 19 highly skilled professionals across the United Kingdom, Australia and Vietnam, covering management, sales, finance, operations, delivery, customer experience and technical engineering. The core 13-member Vietnamese technical development team has AI experience in handling small and large-scale AI project-stack developers, CX experts (specialising in designing user journeys that leverage AI driven personalisation and recommendation strategies to drive conversion and retention), product managers, and quality assurance managers. The team has a proven track record of selling, delivering and scaling high-value solutions.

The acquisition of PINT is exciting for Peppermint as digital payments and the digital economy are expected to soar in the Philippines in 2024 as the country benefits from the increasing adoption of e-commerce, mobile payments and contactless payments, as well as the supportive regulatory environment and initiatives by the Bangko Sentral ng Pilipinas (BSP)³.***

* https://www.cnn.com/2024/01/08/goldman-sachs-analyst-says-the-world-is-moving-into-a-new-supercycle.html?aid=659bf8256c57bd0001b17406&utm_campaign=trueantheam&utm_medium=social&utm_source=twitter%7Cmain

** <https://www.statista.com/outlook/tmo/artificial-intelligence/worldwide#market-size>

*** <https://fintechnews.ph/57320/payments/heres-how-fintech-is-modernising-digital-payments-in-the-philippines/>

MASS-SPECC

HY 2023 delivered significant milestones under the MASS-SPECC Cooperative Development Center ("MASS-SPECC") Partnership Agreement. Live testing of the Pinoy Coop App in the Google App Store in early December 2023 came just months after Peppermint signed a strategic 5-year partnership agreement with MASS-SPECC to deliver end-to-end services for the App, via white-labelling the Company's Electronic Money Issuer ("EMI") wallet and mobile banking application.

Agricultural cooperatives are preparing to onboard farm workers who will have their salaries credited to their bizmoto account in the Pinoy Coop App, possibly leading to the utilisation of other bizmoto financial services. During 'live' testing of the App (with a small number of MASS-SPECC users) from early December '23 to mid-January '24, almost one million pesos transacted by various means

including fund transfers, bill payments, e-load and 'cash-in'. The economics of the MASS-SPECC partnership are very compelling for Peppermint. The Company is forecast to earn on average 10c for every completed transaction via the Pinoy Coop App which is in addition to revenue the Company will earn from delivering the App under licence, its full deployment and ongoing service and maintenance for up to five years.

Phase 1 of Peppermint's Strategic Partnership Agreement with MASS-SPECC allows for Pinoy Coop App users to complete 'cash-in' and 'cash-out' transactions, transfer funds directly between the Pinoy Coop Mobile wallet and Pinoy Coop ATM accounts, as well as access other financial services such as bill payment, eLoad for phones or transfer funds to another bank account or EMI wallet via InstaPay and PESONet.

Phase 2 of the agreement provides for Peppermint and MASS-SPECC to 'exert best efforts' to discuss and agree on the integration of other Bizmoto services such as, but not limited to, Loan Application, Monitoring of Loan Application, Coop Service Logistics/Appointment, QR code PH functionality, domestic and international remittance and e-wallet service connection for other Co-operative federations. It also provides for both parties to discuss possible collaboration around other proprietary Bizmoto services such as, but not limited to, BizmoLoan, BizmoTinda and BizmoGo.

COOPERATIVE HEALTH MANAGEMENT FEDERATION

Peppermint and the Cooperative Health Management Federation ("CHMF") have been working collaboratively to add new features to CHMF's 1coophealthmobile app, which Peppermint provided under its initial 2017 agreement with CHMF.

CHMF is a licenced cooperative Health Management Organisation in the Philippines with circa 80,000 users and is actively expanding its base by integrating cooperatives into using their 1coophealthmobile app. CHMF is aiming to onboard 150,000 new users, starting April 2024. Peppermint's objective is to make greater use of its EMI licence, which is currently focused on lending and payments to offer services to CHMF's loyal customers and providers, much like Peppermint is currently doing with MASS-SPECC.

BIZMOLOAN OPERATIONS

Peppermint continued to refine and improve its loan book operations during HY23 which resulted in a circa 200% increase in gross revenue on the previous HY22.

Importantly, the improved financial result was achieved on fewer loans being issued due to the streamlining of bizmoLoan operations and tighter borrowing criteria being applied. Peppermint's newly acquired AI and CX capabilities are expected to develop and deploy additional enhancements that will further improve the bizmoLoan operations and, potentially, achieve higher profitability.

For further details, please refer to the half-year report.

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.0008	\$0.0006

4 Control gained or lost over entities having material effect

See above for details of the acquisition of Peppermint Intelligence Ltd and Peppermint Intelligence Pty Ltd.

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 2023.

9. Compliance Statement

This report should be read in conjunction with the attached Half Year Financial Report for the half-year ended 31 December 2023.

Signed here:



Date: 1 March 2023

Print name: Anthony Kain
Chairman



Peppermint Innovation Limited

(ACN 125 931 964)

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED

31 DECEMBER 2023



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COMPANY DIRECTORY

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Executive Director and Chairman

Mr Neal Cross
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

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
Fax: +61 8 9323 2033

Web: www.computershare.com.au

ASX Code:

PIL

CONTENTS

CONTENTS	PAGE
Directors' Report	2
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12 – 16
Directors' Declaration	17
Independent Auditor's Review Report	18

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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 2023. 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:

- **Acquired established and proven 'Application Modernisation' (focused on the use of Artificial Intelligence and the Customer Experience "AI & CX") business division from ASX-listed XPON Technologies.**
 - Target comprised Xpon Digital Limited (renamed Peppermint Intelligence Limited 'PINT') and Holoscribe Australia Pty Ltd (renamed Peppermint Intelligence Pty Ltd 'PIPL')
 - Secured contracts worth circa AUD\$365,000 in Q423, with revenues flowing in CY24
 - Forecast sales pipeline of circa AUD \$1 million
 - Significant opportunities to identify cost-efficiencies within respective technology teams once Peppermint Intelligence acquisition is fully integrated
 - Peppermint's capital structure not impacted as no securities were issued in consideration for the Peppermint Intelligence acquisition
- **Commenced live testing of MASS-SPECC's Pinoy Coop App in Google Play App Store**
 - Transactions of more than Php 1million conducted during live Pinoy Coop App testing with a small number of MASS-SPECC users during a 5-week period
 - Economics of MASS-SPECC partnership very compelling, with Peppermint forecast to earn on average 10c for every completed transaction via the Pinoy Coop App.
- **Increased bizmoLoan gross revenue by circa 200%**
 - Further refinement and enhancement of lending criteria and loan products
 - Focus on micro-business loans to Sari-Sari stores yields more revenue on fewer loans issued
 - Newly acquired AI and CX capabilities expected to develop and deploy additional

DIRECTORS' REPORT

enhancements to further improve bizmoLoan

- Continued marketing and promotion of bizmoto platform attracted more bizmoto users, totalling more than 80,000 by end of HY23
- Peppermint Bizmoto Inc. ("PBI") issued with Certificate of Registration ("COR") as an Operator of Payment Systems ("OPS") by the Bangko Sentral ng Pilipinas ("BSP")
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DIRECTORS' REPORT

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* https://www.cnbc.com/2024/01/08/goldman-sachs-analyst-says-the-world-ismovinginto-a-new-supercycle.html?taid=659bf8256c57bd0001b17406&utm_campaign=trueanthe&utm_medium=social&utm_source=twitter%7Cmain

** <https://www.statista.com/outlook/tmo/artificial-intelligence/worldwide#market-size>

*** <https://fintechnews.ph/57320/payments/heres-how-fintech-is-modernising-digital-payments-in-the-philippines/>

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DIRECTORS' REPORT

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BIZMOLOAN OPERATIONS

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Importantly, the improved financial result was achieved on fewer loans being issued due to the streamlining of bizmoLoan operations and tighter borrowing criteria being applied. Peppermint's newly acquired AI and CX capabilities are expected to develop and deploy additional enhancements that will further improve the bizmoLoan operations and, potentially, achieve higher profitability.

The loss for the Group after providing for income tax amounted to \$1,571,566 (2022: \$1,217,909).

DIRECTORS' REPORT

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Events After the Balance Sheet Date

At the date of this report the company was in a trading halt on the Australian Securities Exchange Limited, pending release of an announcement of a capital raising. Other than this, 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 2023.

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 1st day of March 2024

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RSM Australia Partners

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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 2023, 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 PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 1 March 2024

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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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-year Ended 31/12/2023 \$	Half-year Ended 31/12/2022 \$
Revenue	5	162,227	262,591
Cost of sales		(43,077)	(184,217)
Gross profit		119,150	78,374
Other income		28,524	10,533
Administration expenses		(1,694,708)	(1,406,829)
Share based payment	6(c)	-	100,217
Finance costs		(204)	(204)
(Loss) before income tax expense		(1,571,566)	(1,217,909)
Income tax expense		-	-
(Loss) for the period		(1,571,566)	(1,217,909)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to profit or loss:</i>			
- Movement in foreign translation reserve		(30,183)	(71,624)
		(30,183)	(71,624)
Total comprehensive (loss) for the period		(1,601,749)	(1,289,533)
Basic and diluted (loss) per share (in cents)	3	(0.08)	(0.06)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 December 2023 \$	30 June 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,929,630	3,055,677
Trade and other receivables		256,393	375,894
Other assets		8,958	24,520
Total Current Assets		2,194,981	3,456,091
Non-current Assets			
Other non-current assets		-	6,011
Total Non-current Assets		-	6,011
TOTAL ASSETS		2,194,981	3,462,102
LIABILITIES			
Current Liabilities			
Trade and other payables		792,995	458,367
Provisions		340,713	340,713
Total Current Liabilities		1,133,708	799,080
TOTAL LIABILITIES		1,133,708	799,080
Net Assets		1,061,273	2,663,022
EQUITY			
Issued capital	6	25,410,716	25,410,716
Reserves		694,767	724,950
Accumulated losses		(25,044,210)	(23,472,644)
TOTAL EQUITY		1,061,273	2,663,022

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2023

	Issued capital	Share based payment reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
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
Balance at 1 July 2022	25,410,671	715,348	-	(21,034,021)	5,091,998
(Loss) for the period	-	-	-	(1,217,909)	(1,217,909)
Movement in foreign currency translation reserve	-	-	(71,654)	-	(71,654)
Total comprehensive loss for the period	-	-	(71,654)	(1,217,909)	(1,289,563)
Movement in share based payment reserve	-	(100,217)	-	-	(100,217)
Balance at 31 December 2022	25,410,671	615,131	(71,654)	(22,251,930)	3,702,219

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2023

		Half-year Ended 31/12/2023 \$	Half-year Ended 31/12/2022 \$
	Note		
Cash flows from operating activities			
Cash receipts from customers		160,227	260,591
Payments to suppliers and employees		(1,560,571)	(1,604,410)
Interest received		4,196	10,559
Finance costs paid		(204)	(204)
Net cash (used in) operating activities		<u>(1,396,352)</u>	<u>(1,333,464)</u>
Cash flows from Investing activities			
Cash acquired through acquisition of subsidiary	10	<u>270,305</u>	-
Net cash provided by financing activities		<u>270,305</u>	-
Net increase (decrease) in cash held		(1,126,047)	(1,333,464)
Cash and cash equivalents at the beginning of the period		<u>3,055,677</u>	<u>5,574,339</u>
Cash and cash equivalents at the end of the period		<u><u>1,929,630</u></u>	<u><u>4,240,875</u></u>

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 2023 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 2023 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.

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 discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the six months ended 31 December 2023, the Group incurred a loss after tax of \$1,571,566 and reported net cash used in operating activities of \$1,396,352.

Accordingly, the above matters give rise to a material uncertainty with respect to the Group's ability to continue as a going concern and therefore its ability to realise its assets and settle its liabilities in the ordinary course of business and at the amounts set out in the financial statements.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial report after consideration of following factors:

- Directors have prepared a cash flow forecast for the Group for the next 12 months which demonstrates an ability for the Group to meet its debts as and when they fall due and payable. Incorporated into the cash flow forecast are:
 - increased revenue from existing contracts,
 - certain targeted cost reductions across business units.
- Directors anticipate the availability of further funding, as needed, to be available through equity or debt raisings.

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.

The interim financial statements have been approved and authorised for issue by the Board on 1 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

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.

Functional and presentation currency

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Half-year Ended 31 December 2023	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	162,227	-	-	162,227	-	162,227
Inter-segment	-	-	-	-	-	-
Total revenue	<u>162,227</u>	<u>-</u>	<u>-</u>	<u>162,227</u>	<u>-</u>	<u>162,227</u>
Income/(expenses)						
Depreciation and amortisation	-	-	-	-	-	-
Segment profit	(572,249)	(273)	(220,887)	(351,634)	(1,219,932)	(1,571,566)
Total assets	<u>3,634,929</u>	<u>1</u>	<u>7,117,162</u>	<u>10,752,092</u>	<u>(8,557,111)</u>	<u>2,194,981</u>
Total liabilities	<u>262,549</u>	<u>3,154</u>	<u>538,780</u>	<u>804,483</u>	<u>329,225</u>	<u>1,133,708</u>

Half-year Ended 31 December 2022	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	262,591	-	-	262,591	-	262,591
Inter-segment	-	-	-	-	-	-
Total revenue	<u>262,591</u>	<u>-</u>	<u>-</u>	<u>262,591</u>	<u>-</u>	<u>262,591</u>
Income/(expenses)						
Depreciation and amortisation	-	-	-	-	-	-
Segment profit	(253,494)	(273)	(964,142)	(1,217,909)	-	(1,217,909)
Total assets	<u>3,014,202</u>	<u>1</u>	<u>1,474,924</u>	<u>4,489,127</u>	<u>(904)</u>	<u>4,488,223</u>
Total liabilities	<u>312,402</u>	<u>3,260</u>	<u>491,235</u>	<u>806,845</u>	<u>(20,840)</u>	<u>788,005</u>

3. LOSS PER SHARE

	Half-year Ended 31/12/2023	Half-year Ended 31/12/2022
	\$	\$
(Loss) for the period	(\$1,571,566)	(\$1,217,909)
Weighted average number of ordinary shares used in the (loss) per share calculations	2,037,851,062	2,037,851,062
Basic and diluted (loss) per share (cents)	(0.08)	(0.06)

4. DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half-year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	Half-year Ended 31/12/2023 \$	Half-year Ended 31/12/2022 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	74,166	171,383
Rendering of services	88,061	91,208
	<u>162,227</u>	<u>262,591</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 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>
Half-year Ended 31 December 2022			
<i>Major product lines</i>			
ELoad sales	171,383	-	171,383
System usage fees and commissions	91,208	-	91,208
	<u>262,591</u>	<u>-</u>	<u>262,591</u>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time	171,383	-	171,383
Services transferred at a point in time	91,208	-	91,208
	<u>262,591</u>	<u>-</u>	<u>262,591</u>

NOTES TO THE FINANCIAL STATEMENTS

6. ISSUED CAPITAL

(a) Ordinary shares

	As at 31/12/2023 \$	As at 30/06/2023 \$
Fully paid ordinary shares 2,037,851,062 (30 June 2023: 2,037,851,062)	25,410,716	25,410,716

Movements in issued capital

	Number of Shares	\$
Balance at 30 June 2023 and 31 December 2023	<u>2,037,851,062</u>	<u>25,410,671</u>

(b) Options and performance rights

Since 30 June 2023, there has been no changes in the number options and performance rights in issue.

7. 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 2023 Annual Report.

8. 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.

9. EVENTS AFTER THE BALANCE SHEET DATE

At the date of this report the company was in a trading halt on the Australian Securities Exchange Limited, pending release of an announcement of a capital raising. Other than this, 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.

10. ACQUISITION OF SUBSIDIARIES

On 22 December 2023, the Company completed the acquisition of two companies, Peppermint Intelligence Limited (based in the United Kingdom) and Peppermint Intelligence Pty Ltd (based in Australia).

NOTES TO THE FINANCIAL STATEMENTS

The consideration was cash consideration is \$2 cash. Details of the acquisition are as follows:

	FV (\$)
Cash and cash equivalents	270,305
Trade and other receivables	59,130
Trade and other payables	<u>(329,435)</u>
Net assets acquired	<u>2</u>
Value gained on acquisition of subsidiary	<u>-</u>
Acquisition-date fair value of the total consideration transferred	
Representing:	
Paid in cash	<u>2</u>

The acquired assets and liabilities' fair value have been measured provisionally. If new information is obtained within one year of the date of the acquisition about facts and circumstances that existed at the date of acquisition resulting in adjustments to the amount above, the accounting for the acquisition will be revised.

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 2023 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
1st March 2024



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**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 2023, 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 significant 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 2023 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*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$1,571,566, had net cash outflows from operating activities of \$1,396,352 during the half year ended 31 December 2023. 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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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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 consolidated entity 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.

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.

Directors' Responsibility of the Half-Year Financial Report

The directors of the 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 2023 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 PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 1 March 2024