PEPPERMINT
INNOVATION LIMITED

(ACN 125 931 964)

Annual Financial Report
for the Year Ended 30 June 2020

Index

Company Directory

ABN 56 125 931 964

Directors

Mr Christopher Kain
Managing Director

Mr Anthony Kain
Executive Director

Mr Mathew Cahill
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
2 The Esplanade
Perth WA 6000

Directors' Report

Your Directors submit the financial report of Peppermint Innovation Limited (the Company or Peppermint), and the entities it controlled (the Group), for the year ended 30 June 2020.

1. Directors

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

Name, qualifications, independence status and special responsibilities	**Experience**
Mr Anthony Kain (*BJuris, LLB*) *Chairperson* *Executive Director* *Company Secretary* Appointed 4 December 2015	Anthony has over 20 years' experience working in Australian capital markets. He has played a key role in the formation of numerous privately owned and publicly listed companies and has an in-depth understanding of intellectual property and its commercialisation. Anthony also has considerable experience as a director having held managing director, director and legal counsel roles with Australian Stock Exchange listed companies operating foreign assets. Anthony has held advisory roles in capital raising, joint ventures and mergers and acquisitions through his exposure to a diverse range of international and national development opportunities working with technical teams primarily in the energy, motor vehicle and resources sectors. Listed company directorships in the past 3 years: None
Mr Christopher Kain *(B Comm, MBA)* *Managing Director and CEO* Appointed 4 December 2015	Christopher is a practiced company director with 18 years experience in finance services, investment markets and corporate management with a proven capability to identify business opportunities and executing commercial strategies for the benefit of both stakeholders and investors. Christopher has specific expertise in investment evaluation, public and private capital raising programs, debt funding strategies and, project development and financing. Christopher has held advisory and development roles with institutions such as Barclays Capital and Credit Suisse First Boston in London, National Australia Bank and Macquarie Bank in Australia where he worked across institutional, wholesale and retail investment and financial markets. Listed company directorships in the past 3 years: None
Mr Matthew Cahill *Independent Non-executive Director* Appointed 4 December 2015	Matthew is an accomplished technical director with experience in the Web industry working across a broad range of technologies. He has been involved in roles such as management, strategy, team lead, business analysis, application architecture and development. As technical director at Vivid Group (now Isobar of Dentsu Aegis Network), Matthew has worked with some of Australia's largest brands, including Sunbeam, JB HiFi, Echo Entertainment, Fusion Retail Brands, Coates Hire and many more. Matthew's responsibilities included guiding the technical direction of the company, along with leadership of the large development teams that spanned multiple disciplines and technologies. Listed company directorships in the past 3 years: None

Directors' Report (continued)

Name, qualifications, independence status and special responsibilities	Experience and special responsibilities
Leigh Ryan, *(BSc Geology, MAIG)* *Independent Non-executive Director* Appointed 4 December 2015, Former CEO and Managing Director of Chrysalis Resources Limited to 3 December 2015, Retired 30 June 2020	Leigh is a highly qualified geologist with over 30 years' experience in the exploration and resources industry, specifically in exploration and executive management throughout Australia and Africa. He has been involved in targeting, evaluation, discovery and resource definition of numerous gold and base metal deposits and has successfully negotiated purchase option and joint venture agreements. Leigh was the managing director of Chrysalis Resources Limited prior to the reverse take-over by Peppermint Innovation Limited. Listed company directorships in the past 3 years: - Alchemy Resources 1 January 2017 to present
Albert Cheok, (B.Econ Hons, FCPA) *Independent Non-executive Director* Appointed 29 April 2019 Retired 1 April 2020	Mr. Cheok is a banker with over 40 years of experience in banking in the Asia-Pacific region, particularly in Australia, Hong Kong and Malaysia. Mr Cheok was with the Reserve Bank of Australia from May 1983 and was the Chief Manager from October 1988 to September 1989. He was formerly the Deputy Commissioner of Banking of Hong Kong and an executive director in charge of Banking Supervision at the Hong Kong Monetary Authority. Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005. Mr. Cheok is currently a member of the Board of Governors of the Malaysian Institute of Corporate Governance in Malaysia. Mr Cheok's current other directorships in listed companies are: - Chairman, 5G Networks Limited (Australia) - Non-executive independent director, China Aircraft Leasing Group Holdings Limited (Hong Kong) - Chairman, Amplefield Limited (Singapore) - Chairman, Supermax Corporation Berhad (Malaysia) - Chairman, International Standard Resources Holding Limited (Hong Kong) Listed company directorships in the past 3 years: - Hongkong Chinese Limited (Hong Kong), January 2002 to December 2017 - Lippo Malls Indonesia Retail Trust Management Limited (Singapore), from July 2010 to September 2017

Directors' Report (continued)

Name, qualifications, independence status and special responsibilities	Experience and special responsibilities
Mark Reid Independent Non-executive Director Appointed 2 April 2020 Retired 30 June 2020	Mr Reid has over 25 years of international retail and business financial services leadership experience, with expertise in financial services lending operations. Mr Reid was senior executive and chief executive of HBOS Card Services UK, BankWest, Greenstone Financial Services, and Cash Converters International where he was responsible for the Australian operations.

2. Company Secretary

The company secretary is Anthony Kain. Details are disclosed in director information.

3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Anthony Kain	6	6
Christopher Kain	6	6
Matthew Cahill	6	6
Leigh Ryan	6	6
Albert Cheok	5	4
Mark Reid	1	1

4. Principal Activities

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

Directors' Report (continued)

The Philippines is an attractive market for Peppermint where 70% of its 108 million people are unbanked and the average age is 24. 90% of the population do not have a credit score and there are approximately 118 mobile phones for every 100 people. In this market the predominant way of doing business is with cash with an estimated US$920 Billion in annual payment value across the four business sectors Peppermint is focused on. Unfortunately, cash is an aging payment form which results in significant cash leakage and locks the cash buyer out of the rapidly expanding and convenient world of ecommerce and services (which is even more important in today's Covid 19 affected world).

The Groups's mission is to give members of this unsupported Filipino community a "hand up by:

- providing access to financial tools on a digital platform via App on their mobile phone;
- enabling them to make payments and access services online without use of a bank or credit card;
- providing them with a platform to conduct business on a scale they can deal with and earn from; and
- building an alternative path to finance to be accessed and repaid automatically through the App.

The Group has developed and deployed the App and Platform under the brand name "Bizmoto" (meaning "my business" in Filipino) via which a local Filipino agent or his customer can access eCommerce, delivery and logistics (where accredited riders are available on-demand), make bill payments, make cash transfers, e-load mobile phones, or make QR code payments to purchase products, all via the Bizmoto App and connected Bizmoto wallet on the registered agents mobile phone. In addition, The Group is now working to add micro-enterprise lending and non-bank financial services to its expanding network of agents and riders which will provide further impetus for Bizmoto (an ecosystem of services readily scalable and targeted at developing world countries in the ASEAN region).

Accomplishments and Awards:

- The Group is an established mobile banking app technology provider in the Philippines, already providing a white-label mobile banking and payments app with a tier-1 major Filipino bank.
- The Group has a long-standing, respected and continuing engagement with the Central Bank of the Philippines and major regulatory bodies.
- The Group is the chosen technology partner and mobile banking platform provider for the largest interbank network and single ATM switch operator in the Philippines – Banknet to whose members The Group is now starting to provide a mobile banking solution.
- In 2019 The Group was chosen by a panel of experts in Washington DC as one of the inaugural "Inclusive Fintech 50" (early-stage Fintech companies that demonstrated the power of financial technology to expand access, usage and quality of financial services in advanced and emerging markets) from 600 eligible worldwide (www.inclusivefintech50.com).

No significant change in the nature of these activities occurred during the year.

5. Operating and financial review

Overview for the year

Highlights for the year were:

- FY20 cash receipts of $2,820,461 - representing a 310 per cent increase on FY19 cash receipts of $687,504
- Outstanding June 2020 Quarterly result given the Philippines Government imposed a General Community Quarantine across most of the Group's bizmoto business locations, including metropolitan Manila and the provinces of Cavite, Laguna, Bulacan and Rizal
- More than 20,085 bizmoto agents and 512 bizmoGo riders were registered to 30 June 2020 - representing a substantial increase of bizmoGo riders on the previous year

Directors' Report (continued)

- More than 610 merchant customers were registered with bizmoTinda e-commerce to 30 June 2020 for bizmoGo delivery and logistics services
- Stage 1 capital program to raise $750,000 closed oversubscribed subsequent to period end with $1.295m raised in challenging capital markets (given the impact of the global COVID-19 pandemic)
- Stage 2 capital program, to raise a minimum of $2m to provide working capital, launch bizmoPay and implement a targeted bizmoto sales and marketing campaign, was completed subsequent to year end, with $2m in funding to be received upon readmission to the the Official List of the ASX
- Completed sale of legacy Zambian copper exploration licenses, receiving $650,000 in proceeds
- Re-negotiated outstanding $1.5M Caason Convertible Note with replacement convertible notes issued maturing in April 2022 with a 1 cent per share conversion price
- A successful stage 2 capital program is expected to enable Peppermint to seek re-listing on the Australian Stock Exchange

COVID-19

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.

Shareholder returns

	2020	**2019**	**2018**	**2017**	**2016**
Net loss for the year	(1,691,500)	(2,142,786)	(1,743,348)	(1,599,598)	(8,797,978)
Earnings per share (cents)	(0.2)	(0.2)	(0.2)	(0.2)	(1.4)
Net (liabilities) / assets	(988,458)	(1,119,645)	(5,103)	539,196	2,129,004
Share price	Suspended from the ASX	$0.012	$0.025	$0.009	$0.015

Investments for future performance

The main expense item for the Company is its human resources, which have continued to focus on the four business focuses that have emerged from the Company's operations and evolution over the last year. They are:

1. Payments;
2. Delivery & Logistics;
3. E-Commerce; and
4. Financial Services;

all utilising the Peppermint technology platform.

All areas are expected to grow with continued marketing, agent and merchant sign up and product development over the year ahead.

Directors' Report (continued)

Review of financial condition

The Company had $261k cash at bank as at 30 June 2020.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

6. Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

7. Significant events after balance date

Subsequent to reporting date:

- $405,000 was raised from the placement of 40,500,000 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;
- 40 million performance options with a maturity of 27 August 2020 (see Note 12(c)) expired unexercised;
- 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; 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.

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.

8. Likely developments

The Group intends to continue to develop its four business divisions via organic growth and strategic acquisitions.

9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Report (continued)

10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares
Anthony Kain	93,991,416
Christopher Kain	110,325,322
Matthew Cahill	6,437,768

11. Share options

At the date of this report 144,500,000 unissued shares of the Company were under option.

During the year the following options were issued:

- 17,050,000 (2019: 12,950,000) share options with an exercise price of $0.014 on or before 20 May 2021 were issued during the 2019 year as part of the consideration for convertible notes with a face value of $852,500 (2019: $647,500), 12% coupon and 30 April 2020 expiry.
- 35,000,000 unlisted options with a $0.01 exercise price on or before 30 May 2021 were issued as consideration for extending the maturity of a $1,500,000 convertible note from 30 April 2020 to 30 April 2021.
- 39,000,000 unlisted options with a $0.01 exercise price on or before 31 March 2021 were issued as free attaching options to placements of 39,000,000 shares at $0.01 per share.

Subsequent to period end:

- the Company agreed to issue 50,000,000 unlisted options with a $0.01 exercise price on or before 31 December 2021, of which 15,000,000 are subject to shareholder approval, as free attaching options to placements of 50,000,000 shares at $0.01 per share within 3 days of the Company releasing its 2020 Annual Report; and
- subject to shareholder approval, 40,500,000 unlisted options with a $0.01 exercise price on or before 31 March 2021 were issued as free attaching options to placements of 40,500,000 shares at $0.01 per share.

Options not exercised by the expiry date will lapse.

No shares were issued as a result of the exercise of options.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any shares as a result of the exercise of options.

12. Performance shares

No performance shares were on issue at year end.

100,000,000 performance shares expired as the revenue targets were not achieved.

Directors' Report (continued)

13. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

14. Auditor Independence and Non-Audit Services

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

15. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards

16. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Peppermint Innovation Limited for the year ended 30 June 2020 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 26 November 2020

JAMES KOMNINOS
Partner

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the financial year ended 30 June 2020 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

Individual key management personnel disclosures

Details of KMPs of the Company and Group are set out below:

Key management personnel

(i) Directors

Mr Anthony Kain	Chairman, Executive Director, Company Secretary, appointed 4 December 2015
Mr Christopher Kain	Managing Director and CEO, appointed 4 December 2015
Mr Matthew Cahill	Non-Executive Director, appointed 4 December 2015
Mr Leigh Ryan	Non-Executive Director, appointed 4 December 2015, retired 30 June 2020
Mr Albert Cheok	Non-Executive Director, appointed 29 April 2019, retired 1 April 2020
Mr Mark Reid	Non-Executive Director, appointed 2 April 2019, retired 30 June 2020

(ii) Executives

None

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based compensation

E. Option holdings of key management personnel

F. Performance Shares of key management personnel

G. Other transactions and balances with Key Management Personnel

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

The Group does not currently have a variable component to the remuneration of the board and management, however, the Group intends to introduce a variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Directors' Report (continued)

Remuneration report (audited) (continued)

Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 30 June 2020 is detailed below.

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed $300,000 per annum.

In addition, a director may be paid fees or other amounts and non-cash performance incentive such as options, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Directors' Report (continued)

Remuneration report (audited) (continued)

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Structure

The Company and Group do not currently have a Variable Compensation plan, however, it is intended that one be established in the near future.

Use of remuneration consultants

The Group did not use the services of remuneration consultants.

Objective of the remuneration committee

The Company did not have a remuneration committee during the year.

Voting and comments made at 2019 Annual General Meeting

All resolutions at the 2019 Annual General Meeting were passed by a show of hands.

Overview of Group performance

The performance of the Group is detailed in the Directors' Report.

There is no link between remuneration and performance.

B. Details of remuneration

Year ended 30 June 2020

Directors	**Salary & Fees**	**Non-monetary benefits** (v)	**Post employ-ment benefits**	**Share-based payments**	**Total**	**Performance Related**
Mr Anthony Kain	200,000	10,162	19,000	-	229,162	-
Mr Christopher Kain	265,000	13,464	25,175	-	303,639	-
Mr Matthew Cahill (i)	31,839	1,610	2,850	-	36,299	-
Mr Leigh Ryan (ii)	30,000	1,524	2,850	-	34,374	-
Mr Albert Cheok (iii)	22,500	1,143	2,138	-	25,781	-
Mr Mark Reid (iv)	7,500	381	713	-	8,594	-
Totals	**556,839**	**28,284**	**52,726**	**-**	**637,849**	**-**

Compensation is stated on an accruals basis.

(i) Includes remuneration via Digital Domain Consulting, a business in which he holds a beneficial interest.

(ii) Retired 30 June 2020

(iii) Retired 1 April 2020

(iv) Appointed 2 April 2020, retired 30 June 2020

(v) Comprises of directors and officers' insurance.

Directors' Report (continued)

Remuneration report (audited) (continued)

Year ended 30 June 2019

Directors	Salary & Fees	Non-monetary benefits (iv)	Post employ-ment benefits	Share-based payments	Total	Performance Related
Mr Anthony Kain	200,000	10,181	19,000	-	229,181	-
Mr Christopher Kain	265,000	13,490	25,175	-	303,665	-
Mr Matthew Cahill (i)	47,419	2,337	2,850	-	52,606	-
Mr Leigh Ryan	30,000	1,527	2,850	-	34,377	-
Mr Albert Cheok (ii)	5,000	255	475	-	5,730	-
Mr Rod Tasker (iii)	20,000	985	1,188	-	22,173	-
Totals	**567,419**	**28,775**	**51,538**	**-**	**647,732**	**-**

Compensation is stated on an accruals basis.

(i) Includes remuneration via Digital Domain Consulting, a business in which he holds a beneficial interest.

(ii) Appointed 29 April 2019

(iii) Includes remuneration via Adapts Pty Ltd, a business in which he holds a beneficial interest. Retired 30 November 2018.

(iv) Comprises of directors and officers' insurance.

C. Service agreements

Agreements with Executives

The Company entered into employment contracts with Christopher Kain (as Chief Executive Officer / Managing Director) and Anthony Kain (as General Counsel and Company Secretary).

The material terms of the employment agreements are as follows:

(a) Remuneration:

i. *Anthony Kain* - $200,000 per annum plus statutory superannuation (currently 9.5%); and

ii. *Christopher Kain* - $265,000 per annum plus statutory superannuation (currently 9.5%).

(b) Annual review: performance reviewed on an annual basis with the possibility of a performance and CPI based remuneration adjustments.

(c) Termination: either party may give the other 12 months' notice, in which the case the Company may make a payment in lieu of notice. In the event of misconduct, the Company may terminate employment without notice.

(d) Standard employment terms and conditions.

Agreements with Non-Executive directors

The Company has entered into a director and consultancy services agreements with Mathew Cahill (together with Digital Data Consulting Pty Ltd, an entity controlled by Mathew Cahill). The material terms of the agreement are as follows:

(a) Director's fees: director's fees at the rate of $30,000 per annum plus superannuation together with:

- an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director; and
- reimbursement for out of pocket expenses incurred as a result of engagement as a director.

Directors' Report (continued)

Remuneration report (audited) (continued)

(b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

The Company has entered into director agreements with Leigh Ryan, Rod Tasker, Albert Cheok and Mark Reid. The material terms of the agreement are as follow:

(a) Director's fees: director's fees at the rate of $30,000 per annum plus superannuation together with:

- an entitlement to fees or other amounts in relation to special duties or service performed outside the scope of ordinary employment as a director;
- reimbursement for out of pocket expenses incurred as a result of engagement as a director.

(b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

In the prior year the Company paid Adaps IT Pty Ltd (an entity controlled by Rod Tasker) a monthly consulting fee of $7,500 plus GST, adjusted when Mr Tasker was on holiday.

D. Share-based compensation

Compensation shares, options – granted and vested during the financial year

2020	No shares nor options were granted as compensation during the 2020 year.
2019	No shares nor options were granted as compensation during the 2019 year.

E. Performance Shares of key management personnel

30 June 2020	Balance at start of the financial year/ date of appointment	Granted as remuneration	Performance hurdle achieved	Net change other (iv)	Balance at the end of financial year / date of retirement
Directors					
Mr Anthony Kain	26,854,690	-	-	(26,854,690)	-
Mr Christopher Kain	31,521,521	-	-	(31,521,521)	-
Mr Matthew Cahill	1,839,362	-	-	(1,839,362)	-
Mr Leigh Ryan (i)	-	-	-	-	-
Mr Albert Cheok (ii)	-	-	-	-	-
Mr Mark Reid (iii)	-	-	-	-	-
Totals	**60,215,573**	**-**	**-**	**(60,215,573)**	**-**

(i) Retired 30 June 2020
(ii) Retired 1 April 2020
(iii) Appointed 2 April 2020, retired 30 June 2020
(iv) Performance shares expired without the hurdles being achieved

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Share holdings of key management personnel

30 June 2020	Balance at start of the financial year / date of appointment	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial year / date of retirement
Directors					
Mr Anthony Kain	93,991,416	-	-	-	93,991,416
Mr Christopher Kain	110,325,322	-	-	-	110,325,322
Mr Matthew Cahill	6,437,768	-	-	-	6,437,768
Mr Leigh Ryan (i)	3,000,000	-	-	-	3,000,000
Mr Albert Cheok (ii)	7,916,667	-	-	2,000,000	9,916,667
Mr Mark Reid (iii)	-	-	-	-	-
Totals	**221,671,173**	**-**	**-**	**2,000,000**	**223,671,173**

(i) Retired 30 June 2020
(ii) Retired 1 April 2020
(iii) Appointed 2 April 2020, retired 30 June 2020

G. Other transactions and balances with Key Management Personnel

$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain, Managing Director of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and was repayable on 6 March 2019 and was extended to 30 September 2019. At 30 June 2020 the loan had a value of nil (2019: $17,098).

Signifi Media Pty Ltd, and entity controlled by Mr Mathew Cahill, a director of the Company, provided advertising services and office rental of $1,200 (2019: 4,917) at normal commercial rates.

Unpaid directors' fees, salaries and superannuation totalling $85,421 (2019: 99,887) have been accrued.

Apart from the above items and reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2020 (2019: Nil).

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Christopher Kain

Managing Director

Perth, 26 November 2020

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Revenue	4	2,790,981	681,327
Cost of sales		(2,649,416)	(572,001)
Gross profit		141,565	109,326
Other income	4	712,601	123
Administration expenses	4	(1,875,592)	(2,096,856)
Finance costs	4	(446,512)	(99,776)
Fair value adjustments	11(ii)	(223,562)	28,397
Share based payment expense	5(a)	-	(84,000)
(Loss) before income tax		(1,691,500)	(2,142,786)
Income tax expense	6	-	-
(Loss) for the year		(1,691,500)	(2,142,786)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
- Nil		-	-
		-	-
Total comprehensive (loss) for the year		(1,691,500)	(2,142,786)
(Loss) for the year attributable to members of the parent entity		(1,691,500)	(2,142,786)
Total comprehensive (loss) for the year attributable to members		(1,691,500)	(2,142,786)
Basic and diluted loss per share (cents per share)	3	(0.2)	(0.2)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated 2020	2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	261,426	82,379
Trade and other receivables	8	124,891	98,050
Inventory		51,611	6,747
Total Current Assets		437,928	187,176
NON-CURRENT ASSETS			
Plant and equipment		2,581	3,200
Total Non-Current Assets		2,581	3,200
TOTAL ASSETS		440,509	190,376
CURRENT LIABILITIES			
Trade and other payables	9	488,789	445,070
Provisions	10	152,737	103,451
Financial liabilities	11	-	761,500
Total Current Liabilities		641,526	1,310,021
NON-CURRENT LIABILITIES			
Financial liabilities	11	787,441	-
Total Non-Current Liabilities		787,441	-
TOTAL LIABILITIES		1,428,967	1,310,021
NET LIABILITIES		(988,458)	(1,119,645)
EQUITY			
Issued capital	12	13,679,095	13,145,875
Accumulated losses		(15,952,896)	(14,683,961)
Reserves	13	1,285,343	418,441
TOTAL EQUITY		(988,458)	(1,119,645)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from Operating Activities			
Receipts from customers		2,820,461	687,504
Payments to suppliers and employees		(4,489,325)	(2,243,091)
Government grants		19,633	-
Interest received		101	123
Finance costs paid		(11,102)	-
Net cash (used in) operating activities	7(b)	(1,660,232)	(1,555,464)
Cash Flows from Investing Activities			
Purchase of plant and equipment		-	(3,753)
Proceeds on the sale of exploration licences		650,000	-
Net cash provided / (used in) by investing activities		650,000	(3,753)
Cash Flows from Financing Activities			
Issue of shares		390,000	640,000
Share issue expenses		(21,000)	(35,197)
Proceeds from borrowings		852,500	805,000
Loan repayments		(32,221)	(10,000)
Net cash provided by financing activities		1,189,279	1,399,803
Net decrease in cash held		179,047	(159,414)
Cash at the beginning of the financial year		82,379	241,793
Cash at the end of the financial year	7(a)	261,426	82,379

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Convertible Note Reserve	Share Based Payment Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2019	13,145,875	134,441	284,000	(14,683,961)	(1,119,645)
Loss for the year	-	-	-	(1,691,500)	(1,691,500)
Total comprehensive loss for the year	-	-	-	(1,691,500)	(1,691,500)
Transactions with owners in their capacity as owners					
Shares issued	390,000	-	-	-	390,000
Share and convertible note issue expenses	(21,000)	-	-	-	(21,000)
Conversion of convertible notes	164,220	-	-	-	164,220
Value of conversion rights on convertible notes	-	1,289,467	-	-	1,289,467
Convertible note reserve recycled to accumulated losses on replacement notes being issued	-	(422,565)	-	422,565	-
Balance at 30 June 2020	**13,679,095**	**1,001,343**	**284,000**	**(15,952,896)**	**(988,458)**

	Issued Capital	Convertible Note Reserve	Share Based Payment Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2018	12,536,072	-	-	(12,541,175)	(5,103)
Loss for the year	-	-	-	(2,142,786)	(2,142,786)
Total comprehensive loss for the year	-	-	-	(2,142,786)	(2,142,786)
Transactions with owners in their capacity as owners					
Shares issued	800,000	-	-	-	800,000
Share issue expenses	(394,197)	-	-	-	(394,197)
Share based payments	204,000	-	284,000	-	488,000
Value of conversion rights on convertible notes	-	134,441	-	-	134,441
Balance at 30 June 2019	**13,145,875**	**134,441**	**284,000**	**(14,683,961)**	**(1,119,645)**

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Peppermint Innovation Limited (the Company) is an Australian company incorporated on 24 July 2014. On 4 December 2015, the Company listed on the Australian Securities Exchange.

The principal activities of the Group (the Company and its controlled entities) were the development and commercialisation of its mobile banking, payment and remittance platform.

(a) Basis of Preparation

Statement of compliance
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 26 November 2020.

Basis of measurement
The financial report has also been prepared under the historical cost convention.

Functional and presentation currency
The financial report is presented in Australian dollars, which is the Company's functional currency.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Peppermint Innovation Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Peppermint Innovation Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) 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.

The Group incurred a net loss of $1,691,500 and had net cash outflows from operating activities of $1,660,232 for the year ended 30 June 2020 and, as at that date, the Group's current liabilities exceeded its current assets by $203,598 and had net liabilities of $988,458 (2019: $1,119,645).

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 Group's products;
- subsequent to period end $405,000 was raised from the placement of 40.5 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;
- subsequent to year end 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; and
  - 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; 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.

(c) New or amended Accounting Standards and Interpretations adopted

New standards and interpretations adopted

The Group has considered the application of new standards and amendments for the first time in the annual reporting period commencing 1 July 2019.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

AASB 112 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2020, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group has not previously and is unlikely to pay a dividend in the near future these amendments had no impact on the consolidated financial statements of the Group.

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.

(d) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. None are likely to impact the Group.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(f) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:
The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes or Trinomial Option Pricing Model.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(g) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.
Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives
A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(k) Intangible assets

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project on a straight line basis.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Licences

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Disposals
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (‘GST’) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or services to the customer. The liability is the Group's obligation to transfer goods or services to a customer from which it has received consideration.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost or fair value. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Borrowing costs cease to be capitalised upon the earlier of extinguishment of the liability or the commencement of commercial production from the qualifying asset.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating long service leave are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(r) Share-based payment transactions

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(u) Foreign currency translation

The financial statements are presented in Australian dollars, which is Pinnacle Listed Practical Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(v) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(w) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(x) **Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(y) **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment: 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(z) **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(bb) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(cc) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(dd) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(ee) Employee benefits

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(ff) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

(gg) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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, recently established from 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.

2. SEGMENT REPORTING (continued)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year Ended 30 June 2020	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	2,790,748	233	-	2,790,981	-	2,790,981
Inter-segment	-	-	-	-	-	-
Total revenue	2,790,748	233	-	2,790,981	-	2,790,981
Income/(expenses)						
Depreciation and amortisation	-	-	619	619	-	619
Segment profit	(299,854)	(10,603)	(1,381,043)	(1,691,500)	-	(1,691,500)
Total assets	194,688	7,674	2,601,672	2,804,034	(2,363,525)	440,509
Total liabilities	1,647,222	609,262	1,536,008	3,792,492	(2,363,525)	1,428,967

Year Ended 30 June 2019	Mobile Banking and Payment Services	International Remittance	Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	681,113	214	-	681,327	-	681,327
Inter-segment	-	-	-	-	-	-
Total revenue	681,113	214	-	681,327	-	681,327
Income/(expenses)						
Depreciation and amortisation	28,229	-	553	28,782	-	28,782
Segment profit	(439,481)	(78,696)	(1,624,609)	(2,142,786)	-	(2,142,786)
Total assets	144,217	9,095	2,072,758	2,226,070	(2,035,694)	190,376
Total liabilities	1,517,224	600,074	1,227,514	3,344,812	(2,034,791)	1,310,021

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. Inter-segment revenues are eliminated on consolidation.

Sales to customers which represent over 10% of revenue, all within the Mobile Banking and Payment Services segment, were as follow:

	2020	2019
	$	$
Customer 1	1,212,025	295
Customer 2	772,314	519,929
Customer 3	575,676	25,902

3. LOSS PER SHARE

	2020 $	2019 $
Basic and diluted loss per share (cents per share)	(0.2)	(0.2)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(1,691,500)	(2,142,786)
Weighted average number of shares outstanding during the year used in the calculations of basic loss per share:	1,010,393,024	981,885,292

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

4. RESULT FOR THE YEAR

	2020 $	2019 $
Revenue from contracts with customers		
Transaction revenue	2,716,389	607,953
Project revenue	74,592	73,374
	2,790,981	681,327
Other income		
Proceeds on the sale of exploration licences	650,000	-
Government grants	62,501	-
Interest income	100	123
	712,601	123

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

30 June 2020	**Mobile Banking and Payment Services**	**International Remittance**	**Total**
Major product lines			
ELoad sales	2,700,528	-	2,700,528
Software development services	74,592	-	74,592
System usage fees and commissions	15,628	233	15,861
	2,790,748	233	2,790,981
Timing of revenue recognition			
Goods transferred at a point in time	2,700,528	-	2,700,528
Services transferred at a point in time	15,628	233	15,861
Services transferred over time	74,592	-	74,592
	2,790,748	233	2,790,981

4. RESULT FOR THE YEAR (continued)

30 June 2019	Mobile Banking and Payment Services	International Remittance	Total
Major product lines			
ELoad sales	591,080	-	591,080
Software development services	73,374	-	73,374
System usage fees and commissions	16,659	214	16,873
	681,113	214	681,327
Timing of revenue recognition			
Goods transferred at a point in time	591,080	-	591,080
Services transferred at a point in time	16,659	214	16,873
Services transferred over time	73,374	-	73,374
	681,113	214	681,327

	2020 $	2019 $
Administration costs		
Audit fees	53,526	37,100
Bad debts	-	40,686
Consulting fees	270,116	374,392
Depreciation and amortisation	619	28,782
Directors' fees and consulting remuneration	631,227	615,981
Employee expenses	438,634	493,010
Insurance	31,430	11,660
Investor relations	33,310	70,725
Legal fees	31,782	44,716
Rent	46,966	50,939
Share registry fees	13,953	13,696
Stock exchange fees	38,960	36,469
Sundry expenses	265,254	197,040
Travel	19,815	81,660
	1,875,592	2,096,856

	2020 $	2019 $
Finance costs		
Notional and accrued interest on convertible notes	435,410	94,994
Interest on related party loans	-	2,098
Other	11,102	2,684
	446,512	99,776

Finance costs includes all interest-related expenses.

5. SHARE BASED PAYMENTS

(a) Shares Issued

2020:

Nil.

2019:

6,800,000 shares were issued to a consultant for corporate consultancy services and assistance in raising capital at the fair value of the services received. Corporate consultancy services in the amount of $84,000 were recognised through profit and loss as share-based payment expense. The remaining $120,000 was recognised as share issue expenses within equity for assistance in raising capital.

6. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2020	2019
	$	$
Accounting loss before tax	(1,691,500)	(2,142,786)
Income tax benefit at 27.5%	465,163	589,266
Unrecognised tax losses	(465,163)	(589,266)
Income tax expense	-	-

(c) Unrecognised deferred tax balances

	2020	2019
	$	$
Tax losses at 27.5%	(2,574,310)	(2,122,794)
Deferred tax asset not booked		
Accrued liabilities	(36,003)	(33,766)
Provision for annual leave	(42,003)	(25,944)
Prepayments	-	4,701
Intangible assets	-	-
Blackhole deductions	(28,109)	(28,109)
Net unrecognised deferred tax assets at 27.5%	(2,680,425)	(2,205,912)

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(l) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(l) are satisfied.

7. CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	261,426	82,379
	261,426	82,379

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation to the Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	2020	2019
	$	$
Cash and cash equivalents	261,426	82,379

(b) Reconciliation of loss after income tax to net cash flows from operating activities:

	2020	2019
	$	$
Loss for the year	(1,691,500)	(2,142,786)
Adjustments:		
- Interest accrued on convertible notes	435,787	97,092
- Depreciation / assets written off	619	28,782
- Proceeds on the sale of exploration licences	(650,000)	-
- Share based payment	-	84,000
- Fair value adjustment	223,562	(28,397)
- Legal fees paid by noteholder	-	17,500
Changes in operating assets and liabilities:		
- (Increase) in trade and other receivables	(26,841)	(15,678)
- (Increase) in inventory	(44,864)	(3,895)
- Increase in trade and other payables	43,719	375,536
- Increase in provisions	49,286	32,382
Net cash used in operating activities	(1,660,232)	(1,555,464)

8. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current:		
Trade receivables	69,334	42,671
Prepayments	-	31,082
Other	55,557	24,297
	124,891	98,050

Allowance for expected credit losses
The Group has not recognised any expected credit losses for the year ended 30 June 2020.

9. TRADE AND OTHER PAYABLES – current

	2020 $	2019 $
Sundry payables and accrued expenses	488,789	445,070

10. PROVISIONS – current

	2020 $	2019 $
Unused annual leave	152,737	103,451

11. FINANCIAL LIABILITIES

	2020 $	2019 $
Current		
Related party loan (a)	-	17,098
Convertible notes and accrued interest (b)	-	664,012
Derivative liability (b)(iii)	-	65,644
Premium funding	-	14,746
	-	761,500
Non-current		
Convertible notes and accrued interest (b)	787,441	-

(a) Related party loan

$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain, Managing Director of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and was repayable on 6 March 2019 and was extended to 30 September 2019, at which time it was repaid.

11. FINANCIAL ASSETS AND LIABILITIES (continued)

(b) Convertible notes

(i) $1,673,358 convertible note facility maturing on 30 April 2022

The convertible notes have a face value of $1,673,358 (2019: $647,500), maturity of 30 April 2022, bear interest of 12% interest per annum from the date of receipt of funds unless redeemed or converted earlier, are unsecured, and are convertible into fully paid ordinary shares at $0.01 per share. The facility has been fully drawn (2019: $647,500).

The value of conversion rights on convertible notes of $1,001,343 (2019: $53,712) was recognised in the convertible note reserve (see Note 13) during the year and is amortised as notional interest over the term of the convertible notes.

Original convertible note:

The convertible notes originally had a maturity date of 30 April 2020, 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 provided the holder with 20 unlisted options with an exercise price of $0.014 on or before 20 May 2021 for every dollar drawn under the convertible note facility.

The convertible notes were secured by the Company's 100% owned subsidiary Zambian Copper Pty Ltd, which held the Company's mineral exploration project in Zambia.

The $1,500,000 convertible note facility replaced an earlier facility of $250,000 maturing on 21 December 2019 (see Note 11(b)(ii)) by increasing the convertible note face value to $1,500,000 and extending the maturity date to 30 April 2020.

$852,500 (2019: $647,500) was raised under the facility during the year.

17,050,000 (2019: 12,950,000) 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 and a value of $28,624 (2019: $80,720) was recognised in the convertible note reserve (see Note 13). This value along with the opening value is amortised as notional interest over the term of the convertible notes.

Extension of maturity date:

During the year 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. $259,500 was recognised in the convertible note reserve (see Note 13). This value along with the opening value is amortised as notional interest over the term of the convertible notes.

Restructuring of the convertible note:

During the year the conversion price of the convertible note 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 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.

As a result of the restructuring, a fair value loss of $289,206 was incurred.

11. FINANCIAL ASSETS AND LIABILITIES (continued)

(ii) Convertible notes maturing on 21 December 2019

Convertible notes maturing on 21 December 2019 bearing 12% interest per annum, from the date of receipt of funds, payable within 5 days of maturity unless redeemed or converted earlier, and convertible into fully paid ordinary shares at $0.025 per share were issued during the year. The Company was entitled to convert all (but not some) of the convertible notes at any time after the first anniversary of the issue of the convertible notes if the VWAP for each of the 30 trading days ending not less than 5 trading days before the date of issue of the Issuer Conversion Notice is at $0.0325.

The convertible notes were secured by the Company's 100% owned subsidiary Zambian Copper Pty Ltd, which holds the Company's mineral exploration project in Zambia.

These convertible notes were replaced and extended by the convertible note facility referred to in Note 11(b)(i).

(iii) Convertible notes maturing on 26 November 2019

Convertible notes maturing on 26 November 2019 bearing 12% interest per annum, from the date of receipt of funds, with quarterly interest payable unless the parties agree otherwise and unless redeemed or converted earlier, and convertible into fully paid ordinary shares at the lower of 1 cent ($0.01) per share and an amount equal to a 20% discount on the VWAP per share for the 10 days immediately preceding the date of the Conversion Notice were issued during the year.

The convertible notes had a face value of $150,000, which has been valued and has a carrying amount of $104,580 and a derivative liability $65,644 of as at 30 June 2019.

The conversion option is not fixed for fixed and it is treated as a financial liability. On inception the value of conversion rights on convertible notes of $94,041 was recognised as a derivative liability which is revalued at each reporting date through fair value adjustment in Statement of Profit and Loss and Other Comprehensive Income.

This convertible note and the accrued interest of $14,220 were converted into ordinary shares at maturity (see Note 12) and generated a fair value gain of $65,644.

(c) Other short-term loan

During the 2019 year an interest free, unsecured short-term loan of $10,000 was provided to the Company and repaid by the Company.

12. ISSUED CAPITAL

	2020	2019
	$	$
Paid up capital – ordinary shares	14,460,733	13,906,513
Capital raising costs	(781,638)	(760,638)
	13,679,095	13,145,875

12. ISSUED CAPITAL (continued)

(a) Ordinary shares

	Number of shares	$
30 June 2020 movements in issued capital:		
Balance at 1 July 2019	987,582,461	13,145,875
Issue of shares – private placements at 1 cent per share (i)	39,000,000	390,000
Conversion of convertible note (see Note 11(b)(iii))	15,000,000	150,000
Shares issued in lieu of convertible note interest (see Note 11(b)(iii))	1,422,000	14,220
Costs relating to issue of shares	-	(21,000)
Balance at 30 June 2020	1,043,004,461	13,679,095

i. Each participating share had a free attaching option with an exercise price of $0.01 on or before 31 March 2021 resulting in 39,000,000 options being issued.

	Number of shares	$
30 June 2019 movements in issued capital:		
Balance at 1 July 2018	953,449,128	12,536,072
Issue of shares – private placements at 3 cents per share (i)	23,333,333	700,000
Issue of shares – private placements at 2.5 cents per share	4,000,000	100,000
Costs relating to issue of shares	-	(394,197)
Share-based payment (ii)	6,800,000	204,000
Balance at 30 June 2019	987,582,461	13,145,875

i. 23,333,333 fully paid ordinary shares were issued at 3 cents per share raising $700,000, inclusive of $160,000 recorded as a current liability at 30 June 2018 (see Note 10).

ii. Issued to a consultant for corporate consultancy services and assistance in raising capital at the fair value of the services received. Corporate consultancy services in the amount of $84,000 were recognised through profit and loss as share-based payment expense. The remaining $120,000 was recognised as share issue expenses within equity for assistance in raising capital.

(b) Performance shares

2020:

100,000,000 performance shares expired.

2019:

100,000,000 performance shares convert to fully paid ordinary shares 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:

12. ISSUED CAPITAL (continued)

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
	100,000,000

(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
39,000,000	$0.01	31 March 2021	None
144,000,000			

<u>2020:</u>

17,050,000 unlisted options with a $0.014 exercise price on or before 20 May 2021 were issued as part of the consideration of convertible notes with a face value of $852,500 (see Note 11(b)(i)).

35,000,000 unlisted options with a $0.01 exercise price on or before 30 May 2021 were issued as consideration for extending the maturity of a $1,500,000 convertible note from 30 April 2020 to 30 April 2021 (see Note 11(b)(i)).

39,000,000 unlisted options with a $0.01 exercise price on or before 31 March 2021 were issued as free attaching options to placements of shares (see Note 12).

<u>2019:</u>

12,950,000 unlisted options with a $0.014 exercise price on or before 20 May 2021 were issued as part of the consideration of convertible notes with a face value of $647,500 (see Note 11(b)(i)).

12. ISSUED CAPITAL (continued)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in options issued during the year:

	2020 No	2020 Weighted average exercise price	2019 No	2019 Weighted average exercise price
Outstanding at the beginning of the year	52,950,000	$0.034	40,000,000	$0.040
Granted during the year	91,050,000	$0.011	12,950,000	$0.014
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	144,000,000	$0.019	52,950,000	$0.034
Exercisable at the end of the year	144,000,000	$0.019	52,950,000	$0.034

(d) Valuation of Shares, Options and Performance Options

Shares issued are valued at the value of a share in the Company as traded on ASX at the date of deemed date of grant of the share plan shares.

Options and performance options are valued using a Black-Scholes Option Pricing Model. The following table lists the assumptions to the model used to value options issued.

Grant Date	Number Issued	Exercise Price (cents)	Assumed Stock Price at Grant Date (cents)	Issue Price (cents)	Interest Rate	Volatility	Value Per Option (cents)
28/5/18	7,600,000	1.4	1.3	nil	1.985%	91%	0.20
18/6/19	3,600,000	1.4	1.4	nil	1.985%	93%	0.24
26/6/19	1,750,000	1.4	1.2	nil	1.985%	95%	0.16
29/7/19	3,600,000	1.4	1.1	nil	0.85%	100%	0.13
30/8/19	3,700,000	1.4	0.9	nil	0.71%	100%	0.06
17/10/19	9,750,000	1.4	1.1	nil	0.76%	100%	0.08
10/12/19	35,000,000	1.0	1.1	nil	0.76%	100%	0.06

The fair value of performance options was recognised as an expense when the performance hurdle was achieved.

The amount recognised as part of employee benefits expense for shares issued during the year was nil (2019: nil).

The amount recognised as part of employee benefits expense for options issued during the year was nil (2019: nil).

The amount recognised as a share issue expense for performance options issued during the year was nil (2019: $284,000).

13. CONVERTIBLE NOTE RESERVE

The convertible note reserve arises from bifurcating the derivatives embedded in the convertible notes (see Note 11(b) for further details). This includes the right of the holders to convert their notes into ordinary shares and any attaching options.

Upon the restructuring of the convertible note originally maturing on 20 April 2020, the value in the Convertible Note Reserve was transferred to Accumulated Losses. Accordingly, the value in the Convertible Note Reserve is the ascribed value of the right of the holders of the replacement convertible note to convert their notes to ordinary shares.

14. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) The Group's related parties are as follows:

(i) Key management personnel ('KMP'):

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(iii) Other transactions with related parties,

$15,000 was advanced by Fich Pty Ltd, an entity controlled by Mr Christopher Kain, Managing Director of the Company. The loan bears interest of 15% per annum, had a set-up fee of 4% and was repayable on 6 March 2019 and was extended to 30 September 2019 at which time it was repaid. At 30 June 2019 the loan had a value of $17,098.

Signifi Media Pty Ltd, and entity controlled by Mr Mathew Cahill, a director of the Company, provided advertising services and office rental of $1,200 (2019: $4,917) at normal commercial rates.

Unpaid directors' fees, salaries and superannuation totalling $85,421 (2019: $99,887) have been accrued.

Apart from the above items and reimbursements for expenses paid on behalf of the Company and the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 30 June 2020 (2019: Nil).

14. RELATED PARTIES (continued)

(b) Subsidiaries

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity.

Name	Country of Incorporation	Principal Activity	% Equity interest 2020	% Equity interest 2019
Peppermint Technology Pty Ltd	Australia	Information technology	100%	100%
Peppermint Payments Pty Ltd	Australia	International remittance	100%	100%
Peppermint Technology, Inc	Philippines	Information technology	100%	100%
Zambian Copper Pty Ltd (i)	Australia	Intermediate Holding Company	100%	100%
Horizon Copper Zambia Limited (i)	Zambia	Dormant	-	100%
Sedgwick Resources Limited (i)	Zambia	Mineral exploration	-	100%

i. The Group held 100% of Sedgwick Resources Limited, a company incorporated in Zambia, which holds mineral exploration tenements and projects and its holding company, Zambian Copper Pty Ltd. The Group has ceased funding these company and all assets were impaired on 4 December 2015. During the year Sedgwick Resources Limited was sold (see Note 4) and subsequent to year end Zambian Copper Pty Ltd was deregistered. The deregistration of Zambian Copper Pty Ltd concluded the involvement of the Group with Horizon Copper Zambia Limited.

15. KEY MANAGEMENT PERSONNEL

	2020 $	2019 $
Remuneration paid:		
Short-term employee benefits	556,839	567,419
Post-employment benefits	52,726	51,538
Share-based payments	-	-
Non-monetary benefits	28,284	28,775
	637,849	647,732

Please see the Remuneration Report for further details.

16. PARENT ENTITY INFORMATION

(a) Information relating to Peppermint Innovation Limited

	2020	2019
	$	$
Current assets	236,469	34,768
Non-current assets	2,581	3,200
Total assets	239,050	37,968
Current liabilities	(527,337)	(1,227,514)
Non-current liabilities	(787,441)	-
Total liabilities	(1,314,778)	(1,227,514)
(Net liabilities)	(1,075,728)	(1,189,546)
Issued capital	12,684,539	12,391,595
Accumulated losses	(15,267,886)	(13,999,582)
Reserves	1,507,619	418,441
Total shareholders' equity	(1,075,728)	(1,189,546)
Loss for the parent entity	(1,286,304)	(2,068,035)
Total comprehensive income of the parent entity	(1,286,304)	(2,068,035)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

The Company does not have any commitments as at reporting date.

17. COMMITMENTS

(a) Leases as lessee

The Group leases an office. At 30 June, the future minimum lease payments under non-cancellable leases were payable as follows:

	2020	2019
	$	$
Less than 1 year	1,967	22,448
Between 1 and 5 years	-	1,871
More than 5 years	-	-
	1,967	24,319

(b) The Group has agreed to provide funding of up to PHP 5,000,000 ($146,231) to one of its services providers.

Other than the matter noted above, the Group did not have any contractual commitments to capital expenditure not recognised as liabilities at 30 June 2020.

18. CONTINGENT LIABILITIES

There are no contingent assets nor liabilities.

19. AUDITORS' REMUNERATION

	2020 $	2019 $
Amounts received or due and receivable by the auditors for:		
- Auditing or reviewing the financial report (RSM Australia Partners)	45,500	35,000
- Auditing of one of the subsidiary companies (Reyes Tacandong & Co)	8,026	5,000
- Other services	-	-
	53,526	40,000

20. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	2020 $	2019 $
Financial Assets:		
Cash and cash equivalents	261,426	82,379
Trade and other receivables	124,891	42,671
	386,317	125,050
Financial Liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	488,789	445,070
- Convertible notes and loans	787,441	761,500
	1,276,230	1,206,570

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

20. FINANCIAL RISK MANAGEMENT (continued)

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

Interest rate risk

The Group is not exposed to any material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group does not have any material credit risk exposure to any single receivable under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as and when they fall due.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for liabilities as well as cash outflows for day-to-day operations.

The Group's liabilities have contractual maturities which are summarised below:

	Within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Trade and other payables	488,789	445,070	-	-	488,789	445,070
Convertible notes and loans	-	761,500	787,441	-	787,441	761,500
Total	488,789	1,206,570	787,441	-	1,276,230	1,206,570

Foreign currency risk

The Group earns revenues and incurs expenses in Philippines Pesos (PHP). As such, the Group is subject to foreign exchange risk arising from fluctuations between the PHP and AUD.

At 30 June 2020, the Group had the following exposure to PHP foreign currency expressed in A$ equivalents, which are not designated as cash flow hedges:

20. FINANCIAL RISK MANAGEMENT (continued)

	2020	2019
	$	$
Financial Assets		
Cash and cash equivalents	37,331	59,952
Trade and other receivables	104,626	76,488
Inventory	51,611	6,747
	193,568	143,187
Financial Liabilities:		
Trade and other payables	110,260	81,352
	110,260	81,352

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings as disclosed in Note 12.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

Sensitivity analysis

The sensitivity effect of possible interest rate and foreign exchange rate movements have not been disclosed as they are not material.

Fair value 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.

20. FINANCIAL RISK MANAGEMENT (continued)

Recognised fair value measurements
The following table presents the Group's liabilities measured at fair value at 30 June 2020 and 30 June 2019:

At 30 June 2020	Level 1	Level 2	Level 3	Total
	$	$	$	$
Convertible notes	-	787,441	-	787,441
Total	**-**	**787,441**	**-**	**787,441**

At 30 June 2019	Level 1	Level 2	Level 3	Total
	$	$	$	$
Convertible notes	-	761,500	-	761,500
Total	**-**	**761,500**	**-**	**761,500**

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.

21. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date:

- $405,000 was raised from the placement of 40.5 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;
- 40 million performance options with a maturity of 27 August 2020 (see Note 12(c)) expired unexercised;
- 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; 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.

Apart from the item 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 Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial 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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Christopher Kain
Managing Director

26 November 2020

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of PEPPERMINT INNOVATION LIMITED

Opinion

We have audited the financial report of Peppermint Innovation Limited (the Company) and its subsidiaries ("the Group"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 $1,691,500 and had net cash outflow from operating activities $1,660,232 during the year ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its total current assets by $203,598 and had net liabilities of $988,458. 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Accounting for Convertible Notes Refer to Note 11 in the financial statements	
The Group has convertible notes with a face value of $1,673,358 and carrying value of $787,441. The agreements include the option to convert the principal into shares upon delivery of the conversion notice. Accounting for convertible notes is considered a key audit matter due to the complexity of the accounting treatment required under Australia Accounting Standards.	Our audit procedures included, among others: • Reviewing the convertible note deed, to evaluate its terms; • Evaluating the accounting treatment proposed to determine whether it complies with Australian Accounting Standards; • Recalculating the fair value of the instrument at inception, and its subsequent measurement as at balance date; • Evaluating the reasonableness of key inputs to the valuation model; and • Assessing the appropriateness of the disclosures in respect of the convertible notes.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Peppermint Innovation Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 26 November 2020

JAMES KOMNINOS
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 November 2020.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

1,083,504,463 fully paid ordinary shares are held by 1,079 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

			Fully paid ordinary shares
1	–	1,000	22
1,001	–	5,000	47
5,001	–	10,000	48
10,001	–	100,000	487
100,001		and over	475
			1,079
Holding less than a marketable parcel			382

(B) SUBSTANTIAL SHAREHOLDERS

Ordinary shareholders	Number	Percentage
CHRISTOPHER KAIN	110,325,322	10.18
ANTHONY KAIN	93,991,416	8.67
EAGLE BRILLIANT HOLDINGS LTD	57,247,355	5.28
	261,564,093	**24.14**

ASX ADDITIONAL INFORMATION (continued)

(C) TWENTY LARGEST SECURITY HOLDERS

Fully paid ordinary shares

Rank	Name	Units	% Units
1	OHKA PTY LTD	107,250,214	9.90
2	CICAK PTY LTD	86,479,948	7.98
3	EAGLE BRILLIANT HOLDINGS LTD	57,247,355	5.28
4	LEGAL TOOLBOX PTY LTD <SMIDGE DIGITAL UNIT A/C>	50,000,000	4.61
5	MR ADRIAN STEPHEN PAUL + MRS NOELENE FAYE PAUL <ZME SUPERANNUATION FUND A/C>	24,866,856	2.30
6	CASADA HOLDINGS PTY LTD <C A ASTILL INVESTMENT A/C>	24,822,728	2.29
7	SUNSHORE HOLDINGS PTY LTD	22,542,252	2.08
8	TIMRIKI PTY LTD	21,650,000	2.00
9	JUNEDAY PTY LTD	18,124,053	1.67
10	PHOTO RANGE AUSTRALIA PTY LTD <PHOTOFIT PTY LTD SUPER FUND A/C>	15,000,000	1.38
11	MR ADRIAN STEPHEN PAUL	14,450,004	1.33
12	TIMRIKI PTY LTD <TIMRIKI A/C>	14,038,751	1.30
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	13,922,702	1.28
14	MR ROBERT ANTHONY ANGLEY + MS SUSAN JANE ARTHUR <VERTEX DESIGN SUPER FUND A/C>	11,250,019	1.04
15	ALMARETTA PTY LTD	10,750,000	0.99
16	MR BRETT WILLIAM COMISKEY <THE BC FAMILY A/C>	10,500,000	0.97
16	ROGUE INVESTMENTS PTY LTD	10,500,000	0.97
18	MR MICHAEL RYAN	10,418,243	0.96
19	MR ROBERT ANTHONY ANGLEY + MS SUSAN JANE ARTHUR <VERTEX DESIGN SUPER FUND A/C>	10,000,000	0.92
19	MR ADRIAN STEPHEN PAUL + MRS NOELENE FAY PAUL <ZME SUPERANNUATION FURN A/C>	10,000,000	0.92
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**543,813,125**	**50.19**
Total Remaining Holders Balance		**539,691,338**	**49.81**

(D) HOLDERS OF OVER 20% OF UNLISTED SECURITIES

UNLISTED OPTIONS EXPIRING 30/05/2021 @ $0.01

Rank	Name	Units	% Units
1	CAASON INVESTMENTS PTY LTD	17,500,000	50.00
1	CASADA HOLDINGS PTY LTD <CA ASTILL INVESTMENT A/C>	17,500,000	50.00
Totals: Top 2 holders of UNLISTED OPTIONS EXPIRING 30/05/2021 @ $0.01		**35,000,000**	**100.00**

UNLISTED OPTIONS EXPIRING 21/05/2021 @ $0.014

Rank	Name	Units	% Units
1	CAASON INVESTMENTS PTY LTD	15,000,000	50.00
1	CASADA HOLDINGS PTY LTD <CA ASTILL INVESTMENT A/C>	15,000,000	50.00
Totals: Top 2 holders of UNLISTED OPTIONS EXPIRING 21/05/2021 @ $0.014		**30,000,000**	**100.00**

(E) CURRENT ON-MARKET BUYBACKS

The Company does not have a current on-market buyback of its shares.