

**ASX ANNOUNCEMENT****ASX Code: PIL**

## Quarterly Activities Report June 2018

- Revenue increases 16% on previous quarter
- Completed \$1 million placement with strategic investors at a premium to market
- Online international remittance business – **Bizmoto** - launched in Australia
- **Bizmoto** to leverage off growing take-up of Peppermint's mobile banking remittance and payments technology platform in the Philippines
- New **Bizmoto** mobile phone App commissioned in the Philippines
- **Bizmoto** App to service Peppermint's direct agent network to expand on established presence in the Network Marketing industry in the Philippines

**PERTH, AUSTRALIA, 30 JULY 2018:** Peppermint Innovation Ltd (**ASX: PIL**) ("Peppermint" or "the Company") has lodged its Appendix 4C Quarterly report for the Quarter ended 30 June 2018 and is pleased to provide the following commentary.

Throughout the quarter, Peppermint has launched new and innovative business initiatives and established strategic partnerships that further facilitate the Company's objective to ramp up the commercialisation and further development of the Peppermint Platform, a mobile banking, payments and remittance technology designed for banks, mobile money operators, credit card companies, non-bank agent networks and microfinance institutions.

Peppermint has a particular focus in the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked population to access mobile financial services and remit money to and from family and others through a system not tied to a particular bank or telephone company.

### REVENUE GROWTH

Revenue for the quarter increased to Php 4,494,998 (AUD113,108), up 13% in Php terms (16% in AUD terms) on the previous quarter.

The financial result for the June quarter reflects the Company's continued focus on revenue generated from its non-bank platform and non-bank channels, which commenced



in the March 2018 quarter.

While our June 18 quarterly result has achieved a 16 per cent increase on our March 18 quarterly number, it is less than last year's corresponding quarter when Union Bank and Metro Bank were still using our platform and yet to fully transition to their own platforms.

It is important to note we have only recently started earning non-bank revenues, that these revenues are growing and our Company margin on our non-bank revenues is much higher than it was on revenues generated from our banking platform.

### **BIZMOTO INTERNATIONAL REMITTANCE BUSINESS LAUNCHED**

Peppermint announced in May the launch of its new online international remittance business, Bizmoto, aimed at leveraging and complementing the Peppermint Platform which is commercially deployed and proven in the Philippines.

Bizmoto translates into "Your Business" in Filipino language and the online international remittance portal allows money to be transferred from Australia to the Philippines. It is initially focussing on enabling ex-pat Filipinos and their affiliates living in Australia to easily transfer money back to family and friends who are living in the Philippines.

Bizmoto is a registered Australian trademark of Peppermint and the brand under which the online international remittance business of Peppermint Payments Pty Ltd (PPPL) is being conducted. PPPL, a 100% owned subsidiary of Peppermint, is registered by AUSTRAC as an independent remittance dealer and remittance network provider.

The growing up-take of Peppermint's mobile banking, remittance and payments technology platform in the Philippines provides an ideal marketing opportunity to promote the online Bizmoto portal to the Filipino community. The Bizmoto portal can be found at [www.bizmoto.com.au](http://www.bizmoto.com.au). The portal is now in live pilot phase focussed on the Australian--Philippines money transfer market.

### **BIZMOTO APP AND OWN AGENT NETWORK LAUNCHED**

Peppermint announced another significant milestone for the Company in May - the launch of its own direct selling, multi-level marketing network of agents across the Philippines under the same brand name as the online remittance portal, Bizmoto ([www.bizmoto.com.ph](http://www.bizmoto.com.ph)).

Currently, the Company is focussed on growing the Bizmoto agent base and also training current agents on Peppermint's proprietary non-bank payment platform. Bizmoto agents



deliver services to Filipino customers via the Bizmoto mobile phone App.

The multi-level marketing or “network” marketing industry is a significant business sector in the Philippines, with some agent networks boasting up to two million plus members.

At present, more than 70 per cent of the Philippines’ population of 106 million people do not operate a bank account and millions of Filipinos still receive their weekly wage in cash. They need to pay their bills in cash, causing them to travel great distances across town to ensure all of their household bills are paid.

The mobile phone App gives Bizmoto’s network of agents the flexibility to visit customers in their own environment and allowing them to pay their bills, pay for services or top up their phone – whether that be at their work, home or another location – making it a convenient way for many Filipinos to transact.

#### **NON-BANK PLATFORM AGENT NETWORK PERFORMANCE**

In addition to Peppermint’s own Bizmoto agent network, the Company continues to work with its third party agent network business partners - My Weps, Sante Barley, SunMar and Metro Gas.

Via a mobile phone App powered by Peppermint’s proprietary non-bank payment platform, the partner agent networks provide convenient and accessible financial services to the Filipino people. Use of these services continues to grow, albeit at a slower rate than initially anticipated, and to date has processed more than 7,000 transactions for a total of Php 15.82 million or circa AUD\$406,000 in value.

Enhanced strategies are now being implemented with a view to improving the performance of Peppermint’s non-bank platform based on a better understanding of the market and the challenges faced.

The recently launched Bizmoto agent network will be a key driver to improving the performance of Peppermint’s non-bank platform.. The company is focused on increasing its sales and marketing efforts to promote the Bizmoto service, as well as developing innovative platform services that leverage the established technology to enhance the value proposition for potential new agents across the Philippines.

Peppermint has direct control of the management of the Bizmoto agent network and can therefore focus the efforts of agent network members.



**TIER 1 BANKING PARTNER PROGRESS - UCPB**

Peppermint continues to work with our tier 1 bank partner UCPB where development activity is focused on providing enhancements to the UCPB mobile banking app, powered by Peppermint, to allow transfer of funds from UCPB accounts to other banks in the Philippines.

The first phase covers the development of *PESO Net* batch electronic fund transfer credit payment scheme. This is scheduled to be launched as an added feature of UCPB mobile banking app by the end of August 2018.

The development of the second phase *InstaPay* is awaiting UCPB sign-off. This phase allows real-time, low value push payment scheme for transactions up to Php 50,000.00. This is a new retail payment system designed to facilitate small value payments that will be especially useful for paying items such as toll fees and tickets, and to enable e-commerce for SMEs.

The Internet Payment Gateway (IPG) which was developed by Peppermint for deployment by UCPB while still in the early stages of adoption with UCPB and their corporate account holders, is currently being used by a major port management group ICTSI, and is programmed to be used by other UCPB corporate account holders involved in processing payments. PhilHealth is (currently completing its testing) as are other government agencies.

**CO-OPERATIVE BUSINESS PARTNER PROGRESS – CHMF & MASS-SPECC**

In mid-August, Cooperative Health Management Federation (CHMF) is scheduled to pilot a Peppermint-developed mobile application that automates their healthcare record and booking system.

CHMF's 30,000 policy holders will be able to download the mobile app and they can then view their personal profiles', medical appointment history and even make a medical consult booking.

The mobile app will also act as a highly effective marketing tool, as it allows direct online membership sign-up or can send a direct query by those interested in CHMF or in its HMO products.

MASS-SPECC, (The Mindanao Alliance of Self-Help Societies – Southern Philippines Educational Cooperative Center), one of the Philippines largest Co-Operative federations with more than 1 million members, will soon use the Peppermint Conditional Cash Transfer



Management System ("PCCT-MS") to manage its funds management process for the Philippine Government's Conditional Cash Transfer (CCT) program. Development is expected to be finished by mid-August, followed by a pilot program.

MASS-SPECC has more than 300 affiliated primary cooperatives and over 1 million individual members. The CCT program provides financial support to poor Filipino families to assist in payment for vital health and education requirements

Peppermint's development of the PCCT-MS covers the web-based application and mobile application providing real time or batch upload data processing, monitoring and reportorial requirements to monitor and record real time disbursements of government funds.

MASS-SPECC will be able to monitor the disbursement of their tellers on the ground. Tellers in remote areas will be equipped with Android devices with the Peppermint application installed to aid them in their disbursement. The mobile app will have an offline mode to cater to areas with no or weak internet access, which is a significant tool to record and monitor cash disbursements critical to assess on-the-ground performance.

#### **UPDATE ON ACQUISITION OF AUSREMIT PTY LTD (REMIT WISELY)**

The Company announced in mid-March that it had signed an exclusive option to acquire Australian based international remittance business, AusRemit Pty Ltd (trading as RemitWisely).

As previously advised, Peppermint conducted rigorous due diligence in relation to this business in April 2018. Peppermint chose not to exercise its option to acquire AusRemit Pty Ltd based on issues that emerged during its period of due diligence.

#### **CORPORATE**

On 3 April 2018, Peppermint announced a restructure of its agreement to place shares to the value of \$1 million with Smidge Digital Unit Trust ("Smidge"), by agreeing to:

- place shares with Smidge or 'parties introduced by Smidge', to the value of \$300,000 at a 25% premium to the 30-day VWAP at the time of issue or a minimum of 2.3 cents (whichever is higher) in April; and
- place shares with Smidge or 'parties introduced by Smidge' to the value of \$700,000 at a 25% premium to the 14-day VWAP at the time of issue or a minimum of 2.5 cents (whichever is higher) by the end of May.



On 26 April 2018, Peppermint announced the first tranche of \$300,000 had been received at a price of 3 cents per share and on 30 May 2018, Peppermint announced that it had received an irrevocable subscription agreement from Smidge to subscribe for Peppermint shares to the value of \$700,000 at 3 cents per share. The funds to be provided under this subscription agreement are being received in instalments from nominees of Smidge acceptable to the Company under that agreement with approximately half deposited to now and the remaining balance to be deposited in the near future.

## COMPANY OUTLOOK AND OBJECTIVES

Peppermint is working closely with strategic partners and allied partners to open up new opportunities in the Asian markets.

With a view to delivering on Peppermint's strategy of scalable and profitable growth, Bizmoto is also investigating additional services that its own agent network can deliver to customers and the Filipino people, such as basic micro-finance and product delivery.

At the same time Peppermint intends to expand its remittance corridors with broad scale commercialisation across multiple Asian (and possibly other) corridors in the near future. Peppermint continues to assess other potential opportunities to build on Bizmoto's international remittance business and is looking to form strategic relationships with reciprocal rights to access other key remittance corridors from originating countries into the Philippines.

**Peppermint's Managing Director and CEO Chris Kain said:** "The past quarter was one of our most significant in terms of developing the foundation of Peppermint's business and we have been managing many moving parts in order to set the Company up for growth in the coming year.

"We have welcomed several new large shareholders onto our register, which is further validation of the Company's strategy and technology being applied where we see fantastic opportunities.

"We are extremely pleased with the way our partnerships and commercial arrangements are developing. Peppermint's time in the Philippines and the relationships that we have developed over time have allowed us to build trust and understand the problems and opportunities for our technology platform. In the coming months we look forward to building on these foundations and revenues and I am confident that the year ahead will be transitional for the Company and all our stakeholders."



"I am cognisant that I have not been able to deliver the Webinar to investors as indicated in our March quarterly update. This past quarter has been incredibly busy (which is outlined in this report) and this has required significant travel commitments to the Philippines where time has been spent at our operational hub striving to capitalise on the numerous opportunities available to Peppermint to create shareholder value. We appreciate the chance to communicate directly with our shareholders and we will shortly be instigating different ways to do this to ensure we keep everybody informed of the exciting progress taking place at Peppermint."

"To assist us, if you would like to receive company communications and updates via email please provide your preferred email address to [info@pepltd.com.au](mailto:info@pepltd.com.au) and we will include you on our email distribution list moving forward."

**-Ends-**

**For more information, please contact:**

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**About Peppermint Innovation Ltd**

Peppermint Innovation Ltd is an Australian company listed on the Australian Securities Exchange which is focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payment and remittance technology designed for banks, mobile money operators, money transfer and funds remittance companies, payment processors, retailers/merchants, credit card companies and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.

Peppermint has a particular focus in the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked population to access mobile banking and remit money to and from family and others through a system not tied to a particular bank or telephony company.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Peppermint Innovation Limited

**ABN**

56 125 931 964

**Quarter ended ("current quarter")**

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	111	961
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(60)	(671)
(c) advertising and marketing	(20)	(91)
(d) leased assets	-	-
(e) staff costs	(262)	(1,170)
(f) administration and corporate costs	(177)	(586)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(408)</b>	<b>(1,557)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	(2)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(2)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	200	1,200
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(5)	(64)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) – Advance for shares to be issued	260	260
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>455</b>	<b>1,396</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	219	429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(408)	(1,557)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	455	1,396

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>266</b>	<b>266</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	250	203
5.2	Call deposits	11	11
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	5	5
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>266</b>	<b>219</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter  
\$A'000

183  
-

Director's fees, executive remuneration and consulting fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter  
\$A'000

-  
-

n/a

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
n/a		

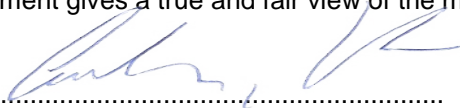
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	45
9.3 Advertising and marketing	24
9.4 Leased assets	-
9.5 Staff costs	260
9.6 Administration and corporate costs	146
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>475</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

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

Sign here:

  
.....  
(Director/Company secretary)

Date: 30 July 2018  
.....

Print name: Anthony Kain  
.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.