

30<sup>th</sup> August 2016

Dear Shareholders,

It is with great pleasure that I provide you with an update of Peppermint Innovation's achievements over the course of the 2016 financial year and the significant growth opportunities on the horizon.

As you would be aware, it has proven to be a defining year for the Company in terms of what we have achieved and delivered in a short time frame.

Importantly, these significant achievements have all taken place in the last 6 months of the 2016 financial year after we took control of the Company in December 2015.

We have shown the market through our announcements that we are a real business generating real revenue and having genuine partnerships in one of the world's largest remittance markets, the Philippines, where we offer services to both the banked and the unbanked.

The Philippines is our primary market as we have proven and validated commercial customers, contracts and relationships in place leveraging our established mobile platform. We are building this in a country of circa 100 million people and more mobile phones than people. Additionally, according to the World Bank, the value of international remittances into the Philippines in 2015 was estimated to have expanded by 4.4% to a value of US\$28.5 billion, the third largest international remittance receiving country globally.

While the vast majority of Filipinos own a mobile device, around 70% of the population don't have a bank account. Our technology allows us to offer this large population access to a fast, safe and reliable mobile payment platform.

All these factors – along with the fact that we have a high-quality, proven team in the country - illustrates why we see the Philippines as a major market for Peppermint.

We have contracts in place with three leading tier 1 banks in the Philippines (Metropolitan Bank & Trust Company, UnionBank of the Philippines and United Coconut Planters Bank) who all offer mobile banking services to their account



holder's and rely on us to maintain and provide ongoing technical improvement and support.

These agreements provide verification and proven commercial application of our platform.

We are also in the process of:

- ❖ Commercialising the mobile platform for the unbanked through the development and deployment of the MyWeps app (with our partner MyWeps International Inc.) through the 1Bro Global agent network – made up of 90,000 agent members and 40 business centres throughout the Philippines.
- ❖ Working with MyWeps International and the Central Bank of the Philippines on licensing of the app for domestic remittances. This process has started with the grant of the first licence to a 1Bro business centre which can now process non-bank domestic remittances.
- ❖ Working with UnionBank of the Philippines to expand account holder use of our 'white label' platform. We have been informed by the bank that they intend to dramatically ramp up from the current 50,000 registered account holders to 2.5 million over the coming 12 months which provides significant upside for the company.
- ❖ Consolidating a new strategic partnership with United Coconut Planters Bank of the Philippines (UCPB), to install the Peppermint Fast Remittance System to facilitate international remittance services using the Interbank Funds Transfer (IBFT) facility in the Philippines.

### **Revenue position**

The Philippines continues to offer many exciting opportunities to grow our revenue position.

UnionBank's move to increase its registered account holders to 2.5 million is just one example of where our revenue position will be significantly boosted going forward. In providing services to both the banked and the unbanked Peppermint makes a system fee. This is not focused on the size of the transactions but rather on the number of transactions.

Our research shows Filipinos make around 2.5 billion payments per month through banked and unbanked facilities. Our current performance and agreements see Peppermint making between AUD\$0.01 and \$0.06c per transaction so as we make inroads into the Philippines market our numbers are well positioned to increase.



**Next steps**

While the Philippines is our key market, the corridors feeding into the Philippines and Bangladesh are also on our radar.

In Bangladesh, we are seeking to develop relationships with established players. This will provide Peppermint access to valuable inroads with regulatory bodies and banks in the country. It is the seventh largest remittance receiving country in the world with an estimated US\$15 billion being sent back to Bangladesh in 2015, according to the World Bank.

In terms of the corridors feeding the Philippines we are now examining how we can benefit from the "first mile" of these fund flows as well as the "last mile" into the Philippines and we look forward to updating you on progress here in the year ahead.

In conclusion, Peppermint has made real progress towards delivering value to shareholders on the back of opportunities in the fastest growing market in the world for the technology we have developed.

Importantly, we have and will continue to demonstrate that we have a real and defined growth strategy that we plan to implement with your support over the coming 6-12 months.

On behalf of the Board, I thank you for taking this journey with Peppermint Innovation. It has been an exciting 6 months for the Company, since taking control in December 2015, and I look forward to keeping you abreast of the significant opportunities going forward.

Kind regards,



Chris Kain  
Managing Director  
Peppermint Innovation Limited

