

ASX ANNOUNCEMENT**ASX CODE: PIL**

Appendix 4C & Quarterly Review

Highlights:

- Strong progress was made during the quarter, including:
 - 27% increase in transactions
 - 30% increase in revenue
 - 12% increase in registered users
 - Reaching nearly 200,000 registered users
 - 19 billers on-boarded
 - 33 billers now registered with an additional 10 in the pipeline and at various stages of testing
- Enhancements and improvements were made to the Company's Agent Mobile Payments and Remittance Platform (MPRP) including:
 - The introduction of additional agent verification protocols, via SMS or web validation, to attract and satisfy first time users of agent authentication prior to transacting
 - Testing of bills payment facility
 - Bill payment scanner, application dashboard user improvements, reporting functionality
 - Web tool to process;
 - Agent batch enrollments
 - Individual agent registrations
 - Know Your Agent validation
 - Agent and mobile application reporting
- LOI signed with Globe Telecom to utilise GCash products and services to empower the MPRP, and provide Peppermint agents access to GCash's non-bank and ATM networks.
- Australian Business Unit operations established, targeting starting an Australian remittance processing business in the second quarter of 2017.

PERTH, AUSTRALIA 31 JANUARY 2017: Peppermint Innovation Ltd (**ASX: PIL**) (the Company or Peppermint) has today lodged its Appendix 4C Report for the period ended 31 December 2017 and is pleased to provide a review of its progress for the quarter.

Operational Progress:

Strong growth in transaction volumes drives revenue

The Company experienced strong growth in transactions with over 5.7 million mobile banking and payment transactions processed during the quarter, an increase of 27% on prior quarter, increasing revenue by 30%. The number of registered users grew 12%, with close to 200,000 users registered at 31 December 2016. This growth is shown in Figure 1 below.



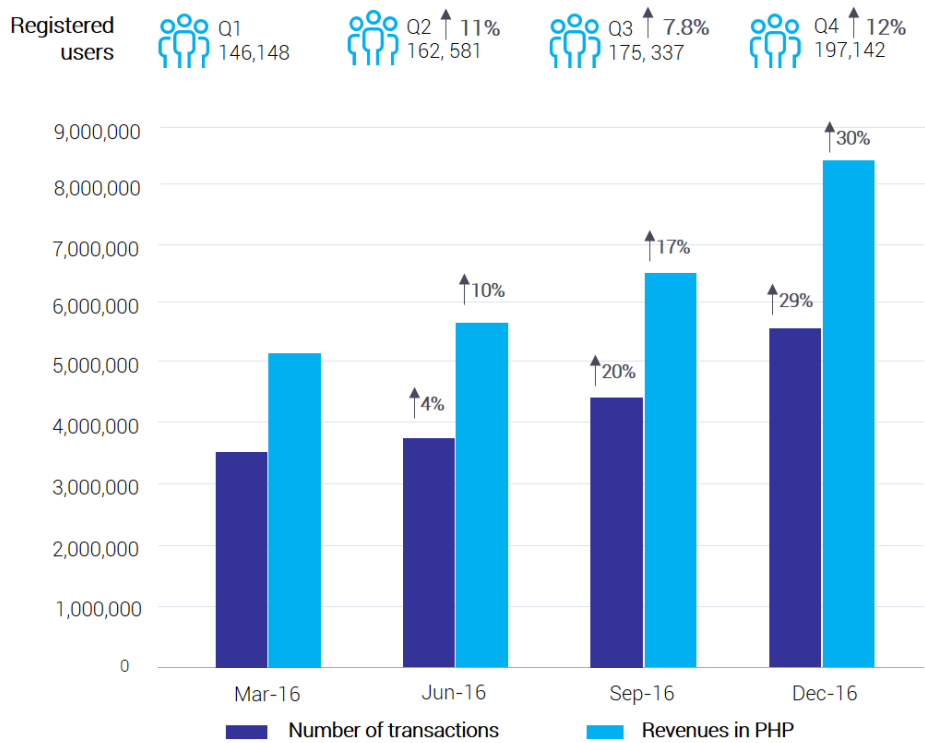


Figure 1: Quarterly revenue, transaction volumes and numbers of registered users for calendar year 2016

2.5 million UnionBank customer enrolment

Peppermint remains poised to commence batch registration of up to 2.5 million UnionBank customers to its Peppermint powered mobile banking app, UMobile with batch enrolment system testing having been completed and the system being fully operational and capable of handling large daily batch enrolments (of up to 10,000 users daily).

Peppermint continues to work with UnionBank to assist in any way we can to facilitate this.

Additional billers on-boarded

During the quarter, the Company on-boarded 19 additional billing parties, taking the total number of registered billers to 33. Further, an additional 10 billers are in varying stages of testing and will become available once testing is complete. Testing is required to ensure that billers' systems are suitable to process payments received via Peppermint's mobile banking and remittance platform.

Peppermint supplies the Bayad Center with its 'Peppermint Payment Collection Solution' (PPCS), which allows consumers to pay bills via a mobile phone app.

The Bayad Center is the largest bill aggregator in the Philippines with over 200 registered billers. It assists an established customer base of consumers to pay their bills, including utilities, government services, telecommunications, cable TV and internet service providers.



The increase in the number of billing parties to the platform is expected to accelerate the number of agents adopting the platform.

Partnership with GCash, subsidiary of Globe Telecom

In November 2016, Peppermint signed a Letter Of Intent (LOI) with Globe subsidiary, G-Xchange Inc, the provider of Globe's GCash offering.

Globe Telecom provides digital mobile telecommunication services to a subscriber base of 65.4 million in the Philippines. Via its GCash mobile wallet, Globe is a market leading, regulatory compliant mobile wallet provider, with a range of products and services that are complementary to Peppermint's business.

Under the LOI, agents utilising Peppermint's Mobile Payments and Remittance Platform (MPRP) will be able to distribute GCash products. This partnership has the potential to increase domestic and international transactions across the Peppermint platform and directly drive revenues. A multi agent pilot program has been planned with GCash to examine the mutual benefits of this effort and is currently being reviewed by the BSP.

Agent Mobile Payments and Remittance Platform (MPRP) Enhancements

The Company continued to enhance and improve the functionality of its MPRP; adding a bill payment scanner and making minor tweaks to its Mobile App and suite of web tools to allow for agent batch enrolment, individual agent registration, Know Your Agent validation, application dashboard user improvements and reporting functionality for agents.

To further enhance security protocols, Peppermint's newly developed agent validation protocol allows consumers to independently validate an agent utilising the MyWeps mobile app, providing additional security to further protect the first time customer. In addition to seeing an agent's details within the mobile app, consumers can independently confirm an agent's identity via a simple SMS or web validation process, which draws on a centralised server to provide instant confirmation of an agent's identification.

The Company is currently developing geo-location functionality to allow consumers to locate agents using the platform.

UCPB Bank Strategic Partnership

The Company continues to progress its plans with UCPB to provide a direct credit to bank facility for international money transfers via the 'Peppermint Fast Remittance System' (PFRS). Installation of a connection between the Interbank Funds Transfer Facility (IBFT) and Bancnet is progressing well, and the Company will commence testing once the installation is complete.

Additionally, the Company has been working on a new version of the Mobile Banking App for UCPB, with the completed product currently in testing and soon to be finalised. This follows UCPB's signalled intention going forward to provide account holders with the Mobile



Banking App free of any of the existing fees currently charged to account holders utilising the mobile banking app.

The Company continues to work closely with the UCPB to identify and develop additional offerings and services as part of the strategic partnership.

Australian Business Unit (ABU) Rollout

The Company commenced building its Australian operations, led by international payments expert Mr Rod Tasker. Rod was appointed as NED and Strategy Advisor in the September 2016 quarter and he was joined in the December quarter by Mr Manish Arya. Manish brings years of experience within the remittance industry to the Peppermint team, and with Rod is focused on developing a best-in-class remittance offering with a robust compliance framework, supported by policies, procedures and the appropriate technology. They are also working to establish key relationships with banks and FX providers and developing the plan to build this business.

The international remittance market from Australia to the Philippines transacts close to AU\$1 billion per annum, with commissions of 9.52% on average (for Q4 2016) earned on funds remitted from Australia (compared to a global average of 7.4% - *source: Remittance Prices, World Bank, December 2016*). This remains a large remittance corridor, with the expatriate Filipino community regularly sending funds back to relatives in the Philippines to cover day-to-day living expenses. This presents an opportunity for Peppermint to enter a high-margin market, with the Company registering its intentions with local regulator, Austrac, to commence remittance processing in the second quarter of 2017.

The Appendix 4C quarterly cash flow report is attached.

-Ends-

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About Peppermint Innovation Ltd

Peppermint Innovation Limited is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payments 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 provides an attractive tool to access mobile banking to remit money and process payments through a system not tied to a particular bank or telephony company.

The Peppermint Platform is currently being used by leading commercial banks and bill payment aggregators in the Philippines.



+Rule 4.7B

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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	221	403
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(280)	(426)
(c) advertising and marketing	(58)	(93)
(d) leased assets	-	(2)
(e) staff costs	(282)	(512)
(f) administration and corporate costs	(28)	(301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(425)	(926)

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	(6)	(6)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
3.10	Net cash from / (used in) financing activities	(6)	(6)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,606	2,107
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(425)	(926)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(6)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,175	1,175



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	78	56
5.2 Call deposits	1,092	1,545
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	5	5
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,175	1,606

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
162
-

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



		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>		
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			

	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	156
9.3	Advertising and marketing	45
9.4	Leased assets	-
9.5	Staff costs	246
9.6	Administration and corporate costs	101
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	548



		Acquisitions	Disposals
10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)			
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: 31 January 2017

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.

