

ASX ANNOUNCEMENT**ASX Code: PIL****Appendix 4C & Quarterly Review**

- Revenue generated by the Peppermint platform increased to Philippine Peso (Php) 13.2 million, converting to AUD\$328,000 for the quarter
- Pilots for MyWeps, Metro Gas and SUNMar to field test and commercialise the Peppermint Platform continued
- Business development:
 - An agreement was signed with Sante Barley to provide its 200,000 agents across the Philippines with use of the Peppermint Platform
 - A 5 year agreement signed with UCPB to provide internet payment gateway services for its customers
 - An agreement was signed with CHMF, the Philippine's first health management organization, to automate its payment processes, and to support CHMF to provide mobile financial services, including micro health insurance products and services
- A private placement of 50m shares at 2 cents per share (a premium to the current share price) to raise \$1,000,000 was agreed.

PERTH, AUSTRALIA 31 OCTOBER 2017: Peppermint Innovation Ltd (**ASX: PIL**) (Peppermint) has today lodged its Appendix 4C Report for the quarter ended 30 September 2017, and is pleased to provide a review of its progress during the quarter.

Revenue growth

Revenue increased to Php 13.2 million during the quarter, up 6% in Php terms on the prior quarter and up over 100% on the previous corresponding quarter revenue of Php 6.5 million

Pilots programs to field test the Peppermint Platform in the Philippines

Pilot programs to field test the Peppermint platform commenced in the June 2017 quarter and continued in the September 2017 quarter. The point of the Pilot Programs is to test the platform in the hands of different agent networks. The Pilots have highlighted several things in relation to the suitability of the agent platforms we are piloting with, platform enhancements to promote useability and reporting, and the on-ground practical issues these agent networks face as they move with the Peppermint platform to offer convenient and secure mobile payment services in the Philippine market place.

The excitement of the Pilots is that they are addressing real financial inclusion issues faced by the population of the Philippines that are being resolved as we build the presence of the Peppermint platform with established agent networks. We are dealing through our partners with the Filipino public and this learning is important, necessary and invaluable on the road to full commercialisation of the mobile solution we offer.



Peppermint continues to be a believer and strong supporter of the National Strategy on Financial Inclusion, which has a key focus of providing financial services to the unbanked in the Philippines. We believe the Peppermint platform delivers financial inclusive services to the Filipino people and our current pilot programs are an important step forward in refining that service. As the Peppermint platform matures through continued work with our local pilot partners and additional agent network channels, we aim to reach as many Filipinos as possible with accessible and safe financial inclusion services.

MyWeps mobile remittance pilot

MyWeps remittance agents are testing remittance, bills payment and buying prepaid mobile phone services (eLoad) via the Peppermint Platform. The pilot is taking place across the National Capital Region of the Philippines, key regional areas and six specific municipalities in provinces that have been identified as marginalised or underserved by the Filipino central bank, the Bangko Sentral ng Pilipinas (BSP).

We have noted that the MyWeps App has been suspended for short periods of time resulting from administrative miscalculations and we continue to work with My Weps to educate and assist the agent network to ensure these teething issues are identified and addressed in a timely manner. We also continue to work with the BSP on the remittance pilot and are currently awaiting feedback on that pilot program.

Metro Gas mobile bill payments pilot

Metro Gas' 50 delivery personnel are testing the offering to their customers of the facility to pay household bills using the Peppermint Platform at the time of an LPG delivery.

This pilot has helped us identify improvements to user friendly functionality in that context and highlighted practical problems - such as ensuring the agent is able to address a decision maker in the house when delivering product to the household rather than an assistant who does not have the authority to dispense funds at the time of delivery. We are taking an active role alongside Metro Gas in promoting marketing strategies to address such problems and drive customer use of this innovative mobile bill payment service.

SUNMar Express pilot

SUNMar Express Global Services Inc. (SUNMar) has over 14,000 agents in the Philippines. The pilot enables participating SUNMar agents with the opportunity to field test the Peppermint Platform to provide mobile bill payment and prepaid mobile phone (eLoad) services to their customers.

To date the work with SUNMar has highlighted customer adoption matters which are being addressed and resolved, along with the issues caused by the focus of the SUNMar operations in the southern Philippines. This is an area serviced by utilities companies not necessarily connected to Bayad Centre, who we are working now with separately to on-board. This will underpin agent and customer use of the SUNMar bill payment service powered by Peppermint and we look forward to increased usage of the service as new and regional appropriate billers are on-boarded to the Peppermint platform.



Australian Business Unit (ABU)

The ABU's objective is to tap into Australia's large and growing immigrant population, especially ex-pat Filipinos, to generate domestic AUD revenues and profits. Ex-pats regularly send money "back home" for various reasons, including living expenses of family members.

With PIL establishing extensive domestic payment capabilities in the Philippines, we have a great opportunity to "connect the dots" between ex-pats living in Australia and family members living in the Philippines, earning AUD revenues. The international remittance landscape has changed dramatically in the large decade, due mostly to two factors: tightening AML/CTF regulations throughout the world, and in Australia; and emergence of the internet and mobile as the preferred transaction channels for all parties involved. Increased regulation has led to higher participation costs and many traditional businesses have struggled to adapt.

The ABU is responding by deploying state-of-the art infrastructure which is designed to serve both electronic and traditional channels cost effectively and compliantly. This positions us to grow an outbound remittance business from Australia, organically and through acquisition of traditional businesses who have solid customer bases but have not kept abreast of industry changes. Assessments are complete and vendor contracts have been executed to establish our ABU infrastructure, which can also be used for other remittance corridors in due course. Operations will be supported by a cost effective base in the Philippines, providing cost advantage over traditional businesses with local staff. Deployment and testing will occur in the remainder of 2017, and PIL through its subsidiary Peppermint Payments Pty Ltd, will be ready to grow organically or by acquisition in 2018.

Business development in the Philippines

Sante Barley agreement

Sante Barley is one of the fastest growing distribution networks in the Philippines with 200,000 agents, and international expansion plans underway. Subject to the necessary regulatory approvals, Sante Barley will offer a white label non-bank mobile payments and remittance platform powered by Peppermint for use by its distribution network.

UCPB agreement

Peppermint has signed a 5 year agreement to provide internet payment gateway services for UCPB customers. UCPB is an existing customer of Peppermint who currently utilise the Peppermint platform to provide mobile banking services to its account holders, and this new agreement extends Peppermint's services to UCPB.

CHMF agreement

An agreement has been signed with the Cooperative Health Management Federation (CHMF) to automate its payment processes, and to support CHMF providing mobile financial services, including micro health insurance products and services. Established in July 2014, CHMF has grown into a significant cooperative health service provider servicing seventy-three (73) member-cooperatives and eighteen thousand (18,000) enrollees in the CHMF healthcare plan.



Private placement

Peppermint has agreed a private placement of 50,000,000 at 2 cents per share to Smidge Digital Unit Trust to raise \$1,000,000. Peppermint also has an option to place a further \$1,000,000 at a 25% premium to 5 day VWAP within 60 days from the completion of the first placement.

Smidge Digital Unit Trust is an Australian special purpose investment vehicle that subscribes for minority positions in innovative fintech and enterprise data analytics companies. Under the placement agreement \$300,000 has been provided to now (\$50,000 before 30 September 2017 and \$250,000 in October 2017).

Chris Kain, Managing Director commented: "The team at Peppermint continues to work hard and make strong progress towards the full commercialisation of the Peppermint platform. The continued pilot programs with My Weps, Metro Gas and SUNMar are providing valuable feedback, and insight, into the operations and requirements to make our mobile payment platform a success. Our successful pilot launch with our initial three agent network partners has been recognised in the Philippines by agent network peers resulting in a new and exciting agreement with Sante Barley, plus very positive feedback to Peppermint's own agent base 'Bizmoto' that we are now beginning to develop.

Our business continues to evolve in exciting ways, as highlighted by recent agreements with leading Filipino Health Co-operative CHMF and UCPB to provide internet payment gateway services, and the ongoing establishment of the ABU international remittance business. We are now well positioned with strategic investment partners to fund our growth and harness expansion opportunities that build on, and drive the Peppermint platform."

-Ends-

For more information, please contact:

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Forward Looking Statements: Statements regarding plans with respect to Peppermint's business plans are forward looking statements. There can be no assurance that Peppermint's plans will proceed as expected and there can be no assurance that Peppermint will be able to increase revenue.

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.

The Peppermint Platform is being used by leading commercial banks in the Philippines and non-bank payment pilots have commenced in the Philippines to field test the Peppermint Platform and progress regulatory approvals.



+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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	331	331
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(295)	(295)
(c) advertising and marketing	(18)	(18)
(d) leased assets	-	-
(e) staff costs	(282)	(282)
(f) administration and corporate costs	(82)	(82)
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)	-	-
1.9 Net cash from / (used in) operating activities	(346)	(346)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	50	50
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)	(5)
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	45	45



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	429	429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(346)	(346)
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)	45	45
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	128	128

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	112	83
5.2	Call deposits	11	341
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)	128	429

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	175
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	

Director's fees, executive remuneration and consulting fees.



7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

n/a

8. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	241
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	290
9.6 Administration and corporate costs	103
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	664



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

