

ASX ANNOUNCEMENT

ASX: PIL

Quarterly Activities Report March 2018

- **Service Provider Agreement signed with MASS-SPECC, the largest cooperative federation in the Philippines**
 - **MOU with Singapore based risk management firm CredoLab for the provision of real time credit scoring technology**
 - **Upgraded mobile banking App for tier one bank UCPB (one of the largest Philippines banks)**
 - **Full scale commercial production of the Company's mobile payment platform App commenced with SANTE Barley, one of the fastest growing distribution networks in the Philippines**
 - **Australian Based international remittance business start**
 - **Company Update and Outlook Webinar Presentation in May**
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PERTH, AUSTRALIA, 30 APRIL 2018

Peppermint Innovation ("Peppermint" or "the Company") is pleased to provide shareholders with its Quarterly Activity Statement for the three-month period to 31st March 2018.

Throughout the Quarter, Peppermint has delivered new and innovative business agreements and strategic partnerships that facilitate the company's objective, commercialisation of our proprietary Mobile Banking, Payments and Remittance technology, designed for banks, mobile money operators, remittance companies, payment processors, retailers/merchants, credit card companies, and microfinance institutions.

PROVIDER AGREEMENT WITH MASS-SPECC

Peppermint announced in March that it had signed a service provider agreement with the largest cooperative federation in the Philippines, MASS-SPECC (The Mindanao Alliance of Self-Help Societies – Southern Philippines Educational Cooperative Center). Under the terms of the service agreement, Peppermint will develop a Mobile Financial Services App and web tool, to assist MASS-SPECC to manage its funds management process for the Philippine Government's Conditional Cash Transfer (CCT) program, followed by the integration of additional functionality to provide mobile financial services.



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

The technology solution provided by Peppermint allow MASS-SPECC to effectively monitor and efficiently manage its distribution of funds for CCT activities and most importantly, allows MASS-SPECC to facilitate CCT services in other areas

MOU WITH CREDOLAB

In February Peppermint entered into a MOU with Singapore based risk management firm CredoLab, to explore opportunities to provide real time credit scoring for unbanked and underbanked Filipino customers to access micro finance and micro insurance services.

As approximately 70% of all Filipinos do not operate a bank account, traditional routes of credit based on credit ratings are inoperable. As such, Peppermint and CredoLab will be exploring opportunities to JV to improve the financial access for these citizens.

CredoLab was formed with the objective of partnering banks, consumer finance companies, telecommunications companies and retailers to improve the financial access of underbanked consumers and as such, improve their quality of living. CredoLab has developed a credit scoring mobile phone technology which can evaluate over 50,000 data points from a client's phone and produces a credit score. This real time credit score can then assist the client to access traditional finance, microfinance, insurance and micro insurance services.

UPGRADED MOBILE BANKING APP FOR TIER 1 BANK

During the quarter Peppermint rolled out its new, upgraded mobile banking App for UCPB, a tier one bank in the Philippines. Available to all account holders of UCPB, the new App provides access to bank accounts via a mobile phone, allowing customers to perform transactions including pay bills, transfer funds, obtain account balances and purchase mobile air time.

The new look and feel App makes usage much easier for customers, allowing the functionality to save transaction details such as bill payment reference numbers so it is no longer a requirement to re-enter on every repeat transaction. A new locator function also allows customers the ability to pin-point the location of the nearest branch or ATM.

SANTE BARLEY AGREEMENT

Peppermint announced in January that full scale commercial production of the Company's mobile payment platform App commenced with SANTE Barley, one of the fastest growing distribution



networks in the Philippines, with over 200,000 direct members, business partners and business branches. It is the Company's expectation that the roll out of commercialisation of the "League Pay" App, will significantly impact the Company revenue in the next 12 months and in turn, move towards its longer term goal of achieving AUD\$50 million over the next four years.

League Pay allows SANTE Barley's network to accept money from their customers who want to pay household bills, buy eLoad (mobile phone air time) and pending regulatory approval, provide mobile money transfer or remittance services.

Under the terms of the contract, both Peppermint and SANTE Barley will receive a fee each time a transaction takes place.

AUSTRALIAN INTERNATIONAL REMITTANCE BUSINESS

Peppermint Payments Pty Ltd, trading under the business name "Bizmoto", is a wholly owned subsidiary of Peppermint Innovation Limited registered as an independent remittance dealer and as a remittance network provider on the Remittance Sector Register by AUSTRAC. Bizmoto is a registered Australian trademark of Peppermint Innovation Limited with Australian Trademark Number 1880929. The Company has continued its work to build a digital remittance business trading under the name "Bizmoto" and the portal to give access to that service will be live in the near future.

The Company also announced in mid-March that it had signed an exclusive option to acquire Australian based international remittance business AusRemit Pty Ltd (trading as RemitWisely). Under the terms of the Acquisition Agreement, subject to due diligence, Peppermint had the exclusive right to acquire 100% of AusRemit shares for a purchase price comprising 50 per cent Peppermint shares and 50 per cent cash.

In this process, Peppermint has engaged in rigorous due diligence which the Company considers very important when considering the international business of remitting funds overseas especially at the current time. At this stage this due diligence has raised issues which are of concern to Peppermint and the Company is considering its options with respect to the AusRemit agreement now.

CORPORATE

Capital Raise

On 9th February the Company placed 17,500,000 ordinary shares at 2 cents per share to sophisticated and professional investors to raise \$350,000.

Corporate Advisory Agreement

In March, Peppermint entered into an Option Incentive Agreement with the Private Equity Gateway Group Ltd (PEGG) with respect to its next round of fundraising. The Option Agreement follows the



Consulting Agreement signed in May 2017 for PEGG to provide capital support to the Company going forward.

In accordance with the terms of the Consulting Agreement, the options under the incentive scheme will vest in four tranches following the raising of between \$2,000,000 and \$5,000,000 as follows:

- 10,000,000 Options will vest if at or after the Raising, the underlying Peppermint shares have traded and are trading at or above five cents (\$0.05) per Share (based on a 30 day VWAP) and each Option may be exercised by payment of three cents (\$0.03) to subscribe for one share
- 10,000,000 Options will vest two months from the date of the Raising if at, or after such date, the underlying Peppermint shares have traded and are trading at or above ten cents (\$0.10) per Share (based on a 30 day VWAP) and each Option may be exercised by payment of three cents (\$0.03) to subscribe for one share
- 10,000,000 Options will vest four months from the date of the Raising if at, or after such date, the underlying Peppermint shares have traded and are trading at or above fifteen cents (\$0.15) per Share (based on a 30 day VWAP) and each Option may be exercised by payment of five cents (\$0.05) to subscribe for one share
- 10,000,000 Options will vest six months from the date of the Raising if at, or after such date, the underlying Peppermint shares have traded and are trading at or above twenty cents (\$0.20) per Share (based on a 30 day VWAP) and each Option may be exercised by payment of five cents (\$0.05) to subscribe for one share

Options not exercised within twenty-four months of the Raising will automatically lapse.

COMPANY OUTLOOK AND OBJECTIVES

Peppermint's Managing Director and CEO Chris Kain said; "The company has previously advised that revenues received from some of our Tier 1 bank customers was reducing, due to the particular internal policies and requirements of these banks to bring ownership of this revenue stream generated from their customers in-house. This has impacted revenues for the March quarter.

"We continue, however, to progress our strategy of creating diversified revenue streams from multiple sources and note that while the Tier 1 Banks may have the capability to bring mobile banking in house, that is not necessarily the case with Tier 2 Banks or other financial organisations of which there are many in the Philippines."

"Further, our commitment to enter the international remittance market via our exclusive "Bizmoto" brand will soon be realised, with our "Bizmoto" portal scheduled to go live in the coming weeks.

"This is an exciting milestone for the company given the expanding size of the global remittance market, with the World Bank forecasting global remittances will top US\$616 billion in 2018 and increase to approximately US\$640 billion in 2019.



“In addition, and importantly, our strategic investors continue to wholeheartedly support our short and long term strategies for the company, investing at ongoing premiums to our prevailing share price to support our plans going forward.

“In turn, we will continue to work with our strategic investors and their allied parties in the Asian markets (who have just invested further capital into the Company at a premium of 3 cents per share) with a view to opening up new opportunities for Peppermint in the region.”

Chris Kain will present a Company Update and Outlook Webinar Presentation in May at a date soon to be announced

ENDS

For more information, please contact:

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About Peppermint Innovation Limited:

Peppermint Innovation 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, 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.



+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 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	190	850
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(57)	(611)
(c) advertising and marketing	(34)	(71)
(d) leased assets	-	-
(e) staff costs	(326)	(908)
(f) administration and corporate costs	(201)	(409)
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	(428)	(1,149)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(2)	(2)
	(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	(2)	(2)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	350	1,000
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	(33)	(59)
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	317	941



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	332	429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,149)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	317	941
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	219	219

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	203	316
5.2	Call deposits	11	11
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)	219	332

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	184
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	5
9.3 Advertising and marketing	32
9.4 Leased assets	-
9.5 Staff costs	306
9.6 Administration and corporate costs	85
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	428



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: 30 April 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.

