

ASX ANNOUNCEMENT

ASX Code: PIL

## Quarterly Overview and CEO Company Update and Outlook

- **Bizmoto successfully launched in the Philippines, with over 5000 agents registered**
- **Peppermint secures partnership with leading Filipino Remittance Company, Direct Agent 5. Inc**
- **ECPay agreement to continue growth of *Bizmoto's* online service offering, to attract more customers to its website portal**
- **Bizmoto opens up international remittance transfer corridor to India**
- **\$1.5 million placed subsequent to end of quarter to strategic investor at a premium**
- **Engagement progresses with multiple enterprises for commercial platform integration to enhance Bizmoto agent network service offering**

**PERTH, AUSTRALIA, 31 October 2018:** Peppermint Innovation Ltd (**ASX: PIL**) (“Peppermint” or “the Company”) has lodged its Appendix 4C Quarterly report for the Quarter ended 30 September 2018 and is pleased to provide the following commentary and update to shareholders.

Throughout the quarter, Peppermint worked diligently towards opening additional remittance opportunities, new strategic partnerships and agreements to facilitate the development and commercialisation of the Peppermint platform, a mobile banking, payments and remittance technology designed for non-bank agent networks, finance and microfinance institutions. The key achievement was the launch of the of Bizmoto mobile app to our non-bank network with more than 5000 agents in the Philippines registering to establish a micro enterprise business using the Peppermint technology platform that powers Bizmoto. The Company anticipates acceleration of revenue growth from the Bizmoto business unit, which will be enhanced by the Company’s strategy to establish a range of innovative services offered via the Bizmoto mobile app to empower our agent network.

### **SEPTEMBER QUARTERLY ACTIVITIES SUMMARY**

#### **Partnership with Direct Agent 5 (DA5):**

During the quarter Peppermint announced that its online international remittance business, **Bizmoto**, ([www.bizmoto.com.au](http://www.bizmoto.com.au)) had signed a partnership agreement with one of the Philippine’s leading non-bank remittance payout providers, Direct Agent 5 Inc. (DA5).



Under the agreement, **Bizmoto** will be able to use DA5's 1000+ locations in the Philippines as trusted remittance payout providers for its customers, and DA5 will be able to use **Bizmoto** online remittance platform to payout money transfers to Australia.

DA5 is an authorised direct agent of Western Union Money Transfer and offers international and local remittance services, airline ticketing, bill payment facilities, mobile phone loading services, foreign exchange transactions and mobile payment services.

**Bizmoto** will earn revenue from both inbound (to Australia) and outbound (to the Philippines) remittance transfers.

**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.

Launched in May 2018, the **Bizmoto** remittance service is now available 24 hours a day, seven days a week to process remittance transactions. It is focussed on enabling overseas workers and the diaspora population in Australia to easily transfer money back to family and friends at home.

#### **Bizmoto Opens International Remittance Corridor to India:**

During September Peppermint's international remittance business, **Bizmoto**, 'opened' up a transfer corridor to India, the second largest global remittance market for Australia in 2017.

The activation means people living in Australia can use Bizmoto's online portal at [www.bizmoto.com.au](http://www.bizmoto.com.au) to send money to their family, friends or relatives in India.

**Bizmoto** will earn revenue by collecting a transaction fee on every money transfer.

According to the latest World Bank figures, Australians transferred USD\$1.944 billion to India in 2017 which represents the second largest global remittance market outward from Australia.

**Bizmoto** has launched a marketing and awareness campaign in Australia to support and promote the opening of the international remittance money transfer service to India.

#### **Agreement with Philippines Electronic Payment Service Provider ECPay:**

During September Peppermint announced it had signed a Memorandum of Agreement with Electronic Commerce Payments, Inc. ("**ECPay**"), a leading electronic payment service provider in the Philippines. Under the agreement, customers in Australia can use Peppermint's **Bizmoto** website ([www.bizmoto.com.au](http://www.bizmoto.com.au)) to directly pay a variety of bills for their family and friends living in the Philippines (such as power and water, mobile phones and the internet). They can also directly top-up credit cards and debit cards for their family and friends, as well as paying insurance premiums or loan and finance repayments.

The direct payment of bills and purchase of e-Loads is viewed favourably by some payees who



are reluctant to transfer cash amounts because they fear the money can be squandered and bills remain unpaid or e-Loads go unpurchased.

ECPay charge **Bizmoto** a service fee for all direct bill payments and e-Loads while **Bizmoto** earn revenue from every customer transaction that is processed.

## **CEO – COMPANY OPERATIONAL UPDATE AND OUTLOOK**

During the quarter the campaign to build the **Bizmoto** agent network in the Philippines was successfully launched with over 5000 agents registering to now. This was a better than anticipated uptake given the digital marketing campaign was rolled out on a limited basis to assess its effectiveness. Peppermint is now ramping up that campaign and is focused on providing new, additional products via the **Bizmoto** platform in order to generate greater revenue opportunities for both Bizmoto agents and the Company.

Peppermint is also in discussions with several enterprise parties that have potential to develop into strategic long term partnerships. The core Peppermint financial technology platform is gaining recognition across a variety of enterprises and financial institutions, including rural, thrifty and co-operative banks, micro finance enterprises, on-line shopping channels and E-wallet providers. The Company continues to work hard to build out the Peppermint platform via strategic partnerships and targeted technical developments with the intention of creating positive commercial outcomes for all stakeholders.

### **Non-Bank Platform Agent Network Performance:**

Since its launch, Peppermint's **Bizmoto** agent network in the Philippines has generated more than 5,000 registered agents nationwide. The campaign to-date has established a good data-set for marketing metrics, acquisition costs, and key reactions to the value proposition. This provides a proof of concept model for full commercialization of the proprietary agent business unit.

The **Bizmoto** agent network, together with current third party agent network business partners who use the Peppermint platform in the Philippines, continued to experience transaction growth with a 55% increase in transactions conducted in the September quarter compared with the June quarter. Encouragingly for the month of October almost half of the transactions processed in the September quarter have already been conducted across the Peppermint platform. Similar growth has been recorded for the total transaction value across the Peppermint platform, increasing by 59%. Peppermint's negotiations with value added suppliers have the potential to significantly boost the volume and net margins on agent transactions. We are anticipating the launch of several new Bizmoto services and product offerings in the Philippines in the next two quarters.

### **E-Wallet Partners:**

Parallel to this growth are ongoing negotiations to provide support services to the Peppermint



network ranging from establishing ties with non-bank financial institutions as well as with electronic banking networks to allow agents to easily top up their mobile wallets via accessible partner channels nationwide. The parties with whom Peppermint are presently negotiating collectively represent over 12,000 brick and mortar store-fronts throughout the Philippines. We have determined that the convenience of cash-in/out for our agents is a key factor in driving user adoption. We expect a significant increase in service locations in the December quarter, with a comprehensive roll-out of e-wallet partners during Q1 and Q2 of 2019.

**Agent Incentives, On-line shopping, Micro-Insurance, Micro-Health:**

Peppermint has initiated discussions with key strategic partners to provide more products and services such as online shopping, micro insurance and micro health. Such product identification has been assisted by an ongoing feedback process from Bizmoto agents and will continue.

The Company anticipates these value-added services and products, which can deliver higher commissions to our agent base, combined with incentive programs and transaction volume based rewards, once in place, will drive deeper engagement amongst our agent network and encourage greater customer usage to support our agent network build out. Our goal is to increase the value of agent transactions post the introduction of this new suite of products vended through the Bizmoto platform.

With an average of three months to integrate systems with our key partners, much of this expanded Bizmoto platform offering is expected to be activated during the first quarter of 2019. We are seeking to fast track the addition of certain products and services and make these available to our Bizmoto agent base before year end, such as our mobile e-treats incentive program to drive agent and customer usage alike.

**Agent Network Micro-Finance Support Strategy:**

Among the critical findings of the continual monitoring and review of agent engagement and is the need for financial assistance to sustain/expand the micro business created by these agents utilising Peppermint's technology platform. The Company has several innovative micro finance pilot programs planned to assess our target market and refine the finance service offering. Our aim is to facilitate innovative and economic financial lending packages, through a properly licensed and regulated finance company in the Philippines, to promote financial inclusion and deliver social good to our Bizmoto agent base and the Filipino population in general.

**Banking Partners Progress:**

Peppermint has completed the development for UCPB of electronic payment channels PESONet (batch electronic fund transfer) and InstaPay (real time payment). PESONet is already available in the UCPB mobile banking application powered by Peppermint, with InstaPay expected to be in production within the month subject to internal UCPB clearance. Both of these developments are in compliance with Central Bank of the Philippines (BSP) mandate for BSP-supervised financial institutions (BSFIs) with authority to offer electronic financial and



payment services (EFPS) such as electronic banking, to provide its account holders access to electronic financial and payment services via PESONet and/or InstaPay across e-channels (i.e. internet and mobile) by 30 November 2018.

Peppermint's core mobile banking technology, enhanced with the recent development of InstaPay and PESONet, provides Peppermint with valuable leverage to promote its development services to banks, specifically to the rural banks, thrifty banks, and even co-operative banks. The company is establishing a development model that allows for a standard software suite to be provisioned to a wide-range of financial institutions. The development of InstaPay and PESONet represent a good foundation for this model, as these products were developed in compliance with the BSP's recently mandated Central Switch Operator, which are unified transactional protocols for all member banks.

#### **BancNet mobile and POS services:**

Among the other major efforts originated by Peppermint during the last quarter, is a program to offer a mobile banking solution to BancNet Outsourcing Services Banks. BancNet is the exclusive financial switch operator in the Philippines for inter-connectivity of the banking system. Outside of its main ATM switch, BancNet has set up an additional service to other banks (mostly rural banks) tagged as BancNet Outsourcing Services, enabling its outsourcing member-banks via the outsourcing ATM switch to offer ATM, Internet, mobile and payment-at-point-of-sale (POS) services without the huge investments needed to set up their own switch systems.

Currently both BancNet and Peppermint are working together to prepare the mobile banking solution package to be offered to the outsourcing banks and even to the other non-outsourcing member banks approaching BancNet for a mobile banking solution inclusive of the BSP mandated InstaPay or PESONet. Working with BancNet will provide validation of Peppermint's Interbank Funds Transfer (IBFT) software and signal Peppermint as a technology provider of choice of mobile banking services in the rural, thrifty and Co-operative banking sector.

#### **Rural Bankers Association of the Philippines engagement:**

Another strategy Peppermint has commenced recently to connect with rural banks is via a presentation to the Rural Bankers Association of the Philippines (RBAP) President and key officers, and participation and attendance at the recent RBAP 61st Charter Anniversary Symposium held on 22<sup>nd</sup> and 23<sup>rd</sup> October. Peppermint's participation at this event led to significant queries from a large number of rural banks under RBAP, and Peppermint is working on those now.

#### **Co-Operative Business Partners Progress – CHMF and MASS-SPECC:**

Peppermint has completed the development of the Health Care System (HCS) of the Cooperative Health Management Federation (CHMF) of the Philippines - the country's only federation of cooperatives providing an affordable HMO services to its member cooperatives and 38,000 individual members. The next step is to offer and engage in a payment system



partnership with CHMF as part of initiatives of CHMF and its key member-cooperatives to expand its services to include the establishment of retail services.

Peppermint has completed the development of the Conditional Cash Transfer (CCT) Monitoring System for the biggest federation of cooperatives based in the South – MASS-SPECC. The production roll-out of this platform shall start in November.

### **Corporate**

Subsequent to the end of the quarter, Peppermint announced a placement of 60,000,000 shares at 2.5c per share, to Smidge Digital Unit Trust, a strategic shareholder in the Company

### **Peppermint's Managing Director and CEO Chris Kain said: "**

*"Peppermint has had a promising quarter and we have worked diligently to develop the Peppermint platform and expand our international footprint. During the quarter we signed a significant deal with DA5 which provides our **Bizmoto** international remittance business with access to one of the largest non-bank remittance payout partner networks in the Philippines.*

*"We were also proud to announce that **Bizmoto** is now providing money transfer services into India, in addition to the Philippines. This is incredibly exciting for us as India represents an immense, growing market for our international remittance business and was the second largest global remittance market for Australia in 2017.*

*"We also signed a Memorandum of Agreement with ECPay, a leading electronic payment service provider in the Philippines, which is a huge step forward for our platform as customers will soon be able to use Peppermint's **Bizmoto** Remittance website to directly pay a variety of bills for their family and friends living in the Philippines.*

*"We are constantly engaged with a number of potential strategic partners and innovative joint venture operations and service offerings that will be assessed with due diligence for effective and commercial fit with the business, strategy and culture of Peppermint Innovation.*

*"We are thrilled by the speed at which the Company is progressing as we continue to develop this business for investors and look forward to the year ahead."*

**-Ends-**

### **For more information, please contact:**

Chris Kain  
Managing Director & CEO  
Peppermint Innovation Limited  
[info@pepltd.com.au](mailto:info@pepltd.com.au)



### **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.

**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.**



## 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 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	80	80
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(54)	(54)
(c) advertising and marketing	(21)	(21)
(d) leased assets	-	-
(e) staff costs	(320)	(320)
(f) administration and corporate costs	(246)	(246)
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>(561)</b>	<b>(561)</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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	540	540
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	(24)	(24)
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) -	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>516</b>	<b>516</b>

<b>4. 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	242	242
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(561)	(561)
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)	516	516

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>197</b>	<b>197</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	181	226
5.2	Call deposits	11	11
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	5	5
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>197</b>	<b>242</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

<b>Current quarter \$A'000</b>
------------------------------------

159
-----

-
---

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

<b>Current quarter \$A'000</b>
------------------------------------

-
---

-
---

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	320
9.6 Administration and corporate costs	240
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>629</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: 31 October 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.