

ASX ANNOUNCEMENT

ASX Code: PIL

Quarterly Overview and Operational Update and Outlook

- Cash receipts up 47.5% and expected to increase as the Bizmoto agent network grows
- More than 10,000 Bizmoto agents now registered in the Philippines
- Marketing campaign ongoing to continue to build the Bizmoto agent network
- \$1.5M placement agreed to assist Bizmoto mobile app and agent network rollout, develop micro-finance lending programs and to add products and services to the Bizmoto Platform
- Micro-enterprise program, Bizmoto Delivers, is under development and soon to be tested across the Bizmoto agent network
- TVS MOU signed to start testing the sale and supply of TVS motorcycles to the Bizmoto network and the Filipino public under which bikes have already been delivered and sales are now underway
- MOU signed with Vleppo to explore potential of Blockchain based functionality to compliment Peppermint's established technology platform
- Industry experts appointed for next phase of strategic growth

PERTH, AUSTRALIA, 31 January 2019: Peppermint Innovation Ltd (ASX: PIL) ("Peppermint" or "the Company") presents its Quarterly Report for the period ended 31 December 2018 and is pleased to provide the following commentary and update to shareholders.

Peppermint made significant progress during the quarter, continuing to grow the **Bizmoto** agent base and developing further functionality to incorporate into the **Bizmoto** agent mobile app.

The Company is now starting to reap the benefits of these efforts with cash receipts increasing 47.5% from the previous quarter. In the coming months cash receipts are expected to grow further as more Filipinos adopt the **Bizmoto** mobile app and Peppermint rolls out planned new micro-finance and ecommerce strategies.

In addition, Peppermint plans to roll out innovative financing and support programs targeting overseas Filipino workers to drive business across the **Bizmoto** remittance platform.



In parallel, Peppermint has continued to work with its banking partner UCPB, delivering the InstaPay and PesoNet payment technology modules which UCPB launched via their mobile banking system “powered by Peppermint” to facilitate direct real time payments. Peppermint is also working closely with the ATM switch provider in the Philippines (Bancnet) to assess the suitability of adopting Peppermint’s mobile banking service so that all banks are integrated with the National Retail Payment system.

Commenting on the December quarter activities, Peppermint’s Managing Director and CEO Chris Kain said:

“Peppermint had a transformational quarter and reached a key milestone with more than 10,000 Bizmoto agents now registered with the Company.

“We fully expect our cash receipts, which grew 47.5% quarter on quarter, will again significantly increase over the coming quarters.

“In a natural evolution for a Fintech business like ours we have continued developing and exploring innovative opportunities, which importantly includes moving towards establishing a regulated finance company in the Philippines to offer and administer accessible, non-punitive finance options to Filipinos.

“In another key step forward, the Company developed a micro-enterprise program that intends to offer micro-finance and micro-insurance packages to **Bizmoto** agents starting with a pilot program following a partnership with the large, multinational motorcycle manufacturer, TVS.

“We anticipate this program, which builds on Peppermint’s payments platform, will roll out prior to the end of March, along with other innovative platform functionality such as our developing e-commerce capabilities, which will assist agent’s grow their micro-enterprises using **Bizmoto**.

“We are also exploring other innovative new products such as our agreement with Vleppo to investigate the delivery of a P2P BlockChain based platform to empower individuals to secure funding using their digital asset.

“The next six to 12 months will be an exciting period for Peppermint and we believe the Company’s ability to harness the opportunity to offer financing options to all Filipinos is a terrific development which builds on our established technology platform and reinforces our stated Company vision to create financial inclusion and deliver social good to the people of the Philippines.”



DECEMBER 2018 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

Bizmoto expansion, key progress across the quarter and outlook:

The **Bizmoto** agent network, together with third party agent network business partners who use the Peppermint platform, experienced transaction growth of more than 50% in the December quarter, resulting in a significant increase in cash receipts for the Company. Peppermint anticipates this upward trend in cash receipts will continue in the coming quarter.

Peppermint continued its efforts to increase the **Bizmoto** agent network with more than 10,000 Bizmoto agents now registered and the number growing as agents continue to be on-boarded and trained in how to deliver the various **Bizmoto** services, including mobile banking, mobile eLoad, bill/product payment, money transfers, and how to charge and recharge their mobile wallets to facilitate **Bizmoto** services.

At present, Filipinos can use their **Bizmoto** agent to pay various bills for water and electricity, telecommunications providers, government agencies, credit card providers, insurance, loans and also airline bookings with AirAsia. A complete list of current end-billers is available at <https://www.bizmoto.com.ph/list-of-bizmoto-billers/>

Peppermint began an integration process with its strategic partner DA5 during the December quarter, activating 120 locations for the **Bizmoto** agent base to cash in or top-up their mobile wallets. Convenience and easy access for **Bizmoto** agents to cash points is critical to promoting **Bizmoto** services. The arrangement with DA5's provides over 1,000 locations across the Philippines to aide in this.

During the coming quarter, the Company plans to pilot a multi-channel e-commerce portal via the **Bizmoto** mobile app for products to be made available to Bizmoto agents on a wholesale basis for resale to their customers from established well known e-commerce platforms, and agents will have an opportunity to make a profit on the discounts offered to them over the Peppermint platform. Peppermint will charge a fee for each transaction processed over the platform, and Bizmoto agents will be able to list their own products for sale on the platform. A brand and marketing strategy is being developed for this e-commerce initiative.

Additionally, Peppermint is enhancing the **Bizmoto** Delivers program to enable and support the current growing popularity of social media driven "buy-and-sell" programs, where participants rely on third parties for payments and deliveries. The Company considers offering services to participants of such community based market places will provide another innovative way for **Bizmoto** agents to conduct business.

Peppermint is focused on providing new, additional products via the **Bizmoto** platform with the view to generating further revenue for the Company and **Bizmoto** agents, including micro-financing programs to support Bizmoto agents, overseas Filipino workers and the general population of the Philippines.



Bizmoto Delivers – Micro Enterprise Program update and outlook:

Under a pilot program targeted to commence by the end of March across the Philippines, Peppermint will aim to both facilitate and offer **Bizmoto** agents a finance and insurance package which will help them buy a suitable motorcycle to be supplied by TVS Global Automobile Traders FZCO (“TVS”) via a locally registered wholesale dealer in the Philippines. TVS is the primary importer/wholesaler of TVS Motor Company motorcycles in the Philippines and the third largest two-wheel manufacturer in India.

Under a Memorandum of Understanding signed with TVS,

- Peppermint is to supply Bizmoto agents with training, equipment and branded uniforms, as well as assistance with funding and credit scoring. The **Bizmoto** agent network app will be enhanced to allow agents to make finance and insurance repayments on their TVS motorcycle with ease.
- TVS will supply motorcycles, parts, service support and warranties. TVS will also provide Peppermint with motorcycles for training **Bizmoto** agents and, on a non-exclusive basis, where feasible TVS will use **Bizmoto** agents to deliver motorcycles spare parts and items to TVS customers throughout the Philippines.

To date, the pilot regions have been established, an initial batch of agents have been identified, reservations for motorcycles purchases have been taken, brand development and marketing is currently underway to support the program, and the first **Bizmoto** agent training sessions are due to take place in February 2019.

Peppermint is aiming to commence the pilot program by the end of March 2019.

Bizmoto agents will be able to use their motorcycle to visit more customers in a timely manner, which is expected to increase the number of transactions they are able to execute.

The **Bizmoto** Delivers initiative builds on the established **Bizmoto** platform service offering of bills payment, mobile airtime top-up or eLoad and money transfer to include additional services such as food delivery, postage and package delivery. Peppermint and TVS will work together to develop the program during the next three months, and then run it for a further six months, before a more comprehensive evaluation is conducted.

MOU with Vleppo to explore BlockChain based platform:

During November, Peppermint announced it had executed a non-binding Memorandum of Understanding with Vleppo Pty Ltd (“Vleppo”) a BlockChain based platform.

The Company wants to explore with VLEPPO the ability to adopt BlockChain based functionality to compliment Peppermint’s established technology platform and service offering



Banking Partners Progress:

Peppermint and UCPB, a tier 1 bank in the Philippines, continue to work together with planned development and enhancement to take place on the UCPB mobile banking system. The development program includes enhanced features and admin management of the electronic payment channels developed by Peppermint for UCPB, such as *PESONet* (batch electronic fund transfer) and *InstaPay* (real time payment), and adding government institutions such as Pag-ibig, BIR and SSS as part of the billers availability on the UCPB mobile banking app.

Peppermint and BancNet, the predominant ATM switch provider in the Philippines, are working closely to explore the use and adoption of Peppermint's mobile banking platform by BancNet member outsourcing banks. The aim is to on-board the first batch of banks over the next two quarters.

In 2019, there is clear direction from the Central Bank of the Philippines (BSP) for all banks, (from commercial to rural) to be ready to integrate into the mandated National Retail Payment System to provide real time payments functionality. Discussions have been initiated with BancNet to offer all banks that are connected to the BancNet ATM switch with access to Peppermint's existing mobile banking platform that delivers real time payments functionality in line with the mandated BSP National Retail Payments System.

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

CHMF plans to launch the Peppermint developed CHMF mobile app at its annual general membership meeting in May 2019. Since last quarter, membership of CHMF has grown from 38,000 to in excess of 53,000 members. The network of CHMF and its other affiliates provides an opportunity for Peppermint to expand adoption of our established non-bank mobile platform and associated services, and facilitate Bizmoto agent network services.

Peppermint has completed development of the Conditional Cash Transfer (CCT) Monitoring System for the biggest federation of cooperatives based in the southern Philippines – MASS-SPECC. The production roll-out is due to start in February.

The next step is to promote the same mobile banking solution to MASS SPECC's members, subject to the final regulatory policies being issued by BSP, and if such regulation shall expand to cover cooperatives with financial services and bank functionalities.

New appointments:

Two strategic advisors - Ms Gayle Cilfone and Colin Chandler - were appointed to the Company during November to assist in implementing Peppermint's next phase of growth. Ms Gay Cilfone is a Key Compliance Consultant to the Company and Mr Colin Chandler is a Strategic Advisor to the Board of Directors.



Corporate:

The Company held its Annual General Meeting at the end of November and investors can view the AGM presentation at <https://pepltd.com.au/wp-content/uploads/2018/12/Presentation-at-2018-AGM.pdf>

Peppermint also executed a placement agreement to place 60,000,000 shares at 2.5c per share with Smidge Digital Unit Trust (SDUT) to raise \$1.5 million during the last quarter. The Company continues to work with SDUT on the placement agreement in a difficult market utilising alternative available short-term funding while this work is ongoing.

The funds are being used to accelerate the roll-out of the **Bizmoto** agent network in the Philippines, as well as developing several enterprise capabilities in the areas of micro finance and international remittance.

Funds will also be allocated to advance work on innovative fintech products and technology platform services, including agent network delivery capabilities, e-commerce opportunities and exploring potential block chain functionality.

-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.



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 2018

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	118	198
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(81)	(135)
(c) advertising and marketing	(22)	(43)
(d) leased assets	-	-
(e) staff costs	(316)	(636)
(f) administration and corporate costs	(96)	(342)
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	(397)	(958)

2. Cash flows from investing activities		
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 (6 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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	100	640
3.2 Proceeds from issue of convertible notes	200	200
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(2)	(26)
3.5 Proceeds from borrowings	15	15
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	313	829

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	197	242
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(397)	(958)
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)	313	829

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	113	113

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	108	181
5.2	Call deposits	-	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)	113	197

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**

142

-

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

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	120
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)	-
9.8 Total estimated cash outflows	704

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:  Date: 31 January 2019

(Director/Company secretary)

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.