

ASX ANNOUNCEMENT**ASX Code: PIL****Quarterly Report Commentary**

- Revenue increased to Php 13.7m (AUD 352k)
- Business development:
 - Agreement signed with CHMF to develop and automate its organisational process with a mobile application and web tool.
 - Pilot testing of mobile bill payment App called "LEAGUE PAY" started with SANTE Barley.
 - Preparations were underway for full-scale commercial launch of "LEAGUE PAY" on 22 January 2018 for SANTE Barley to provide its 200,000 business partners across the Philippines with use of the Peppermint Platform.
 - Development of Peppermint's own agent network under the name BIZMOTO commenced.
 - Systems commenced implementation and testing for wholly owned subsidiary, Peppermint Payments Pty Ltd (PPPL), to provide international remittance services to the Australian market under the name BIZMOTO.
- Pilots for MyWeps, Metro Gas and SUNMar to field test the Peppermint Platform have concluded successfully and are near, or in the very early stages of, commercialisation.
- 32.5m shares were issued at 2 cents per share raising \$650,000 in a private placement announced in the September 2017 quarter.

PERTH, AUSTRALIA 31 JANUARY 2017: Peppermint Innovation Ltd (**ASX: PIL**) (Peppermint) has lodged its Appendix 4C quarterly report for the quarter ended 31 December 2017 and is pleased to provide the following commentary:

Revenue growth

Revenue increased to Php 13.7m (AUD 352k), up 4% in Php terms (7% in AUD terms) on the prior quarter and up 62% (53% in AUD terms) on the corresponding 2016 quarter.

Business development in the Philippines**CHMF agreement:**

Cooperative Health Management Federation (CHMF) is a Philippines health management organisation represented by co-operatives and qualified organisations with co-operative-related programs and services.

Peppermint has partnered with CHMF to provide additional, more convenient and effective system channels to access mobile financial services for Filipino people, inclusive of health micro-insurance products and services.

CHMF is seeking to multiply its enrollee base by up to five times over the next three years, giving Peppermint the opportunity to provide its mobile payment platform to an alternative, large autonomous network or association of people.



SANTE Barley agreement:

SANTE Barley is one of the fastest growing distribution networks in the Philippines with approximately 200,000 direct members, business partners and business branches. It also is planning to expand its operations internationally.

A pilot program to test the "LEAGUE PAY" App powered by Peppermint was started during the quarter, as were preparations for a full scale commercial launch of the "LEAGUE PAY" App on 22 January 2018 (which proceeded as planned).

SANTE Barley's business partners will use the "LEAGUE PAY" App powered by Peppermint to accept money from their customers who want to pay their household bills, buy eLoad (mobile phone air time) and, pending appropriate regulatory approval, provide mobile money transfer or remittance services to the Filipino people.

BIZMOTO:

In response to feedback from our trial programs and interest shown by the Filipino market place, and to further strengthen Peppermint's service offering in the Philippines, Peppermint commenced employing staff to establish its own agent network to provide customers in the Philippines with mobile bill payment and prepaid mobile phone (eLoad) services.

This business is now employing personnel under the trade marked brand "BIZMOTO", which roughly translates into "Your Business" in the local Filipino language.

Australian International Payments Business:

Following receipt of regulatory approvals, Peppermint, through its wholly owned subsidiary Peppermint Payments Pty Ltd (PPPL), commenced the installation and testing of systems to enable Australian outbound international remittances or money transfers to be processed.

PPPL is registered with Austrac as both a remitter and a remittance network provider, and our AML/CTF program has been approved by our Australian bank.

The PPPL business will also operate under the brand "BIZMOTO" which is being trade-marked in Australia. Agreements have been signed with multiple providers reflecting a carefully planned "best of breed" approach and architecture with an emphasis on proven technologies such as cloud computing and platform as a service to achieve high reliability, flexibility and security with low initial and fixed costs.

PPPL will also leverage the domestic payment services that PIL's Philippines team is developing, including BIZMOTO (Philippines) and other agent network channel partners, and will be using its low cost operation in Manila to provide the back office support for Australian remittances.

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 and December 2017 quarters. The pilot programs include training third party agents, developing marketing programs and continual liaison with appropriate regulatory bodies in advance of commercial deployment.

MyWeps pilot:

A group of MyWeps agents was selected to pilot test remittance services, bills payment and buying prepaid mobile phone services (eLoad) via the Peppermint Platform.



The pilot has now successfully concluded and since early December the bill payments and eLoad service offering is in the early stages of commercial production while MyWeps is awaiting review from the Filipino central bank of results and information submitted in regards to the mobile remittance pilot.

The MyWeps mobile remittance pilot was the first of its kind to be rolled out and tested in the Filipino market under a specifically approved pilot program from the Central Bank. To date, MyWeps currently has a total of 1,216 agents registered, with bill payment and eLoad services averaging circa 600 transactions per month for a transactional value of Php 1,158,881 or circa AUD 313,211 for the quarter.

The focus for 2018 is to drive commercial adoption of MyWeps with a new marketing team to include a Multimedia Director, Marketing and Brand Development Manager.

MyWeps will be launching a new campaign to promote services being available 24/7, including social media campaigns and you tube videos to support this across established agent networks.

Metro Gas pilot:

The Metro Gas pilot program has now concluded with pleasing success regarding system functionality and user interface.

The potential of further tapping the market of Metro Gas remains challenging but both Peppermint and Metro Gas are working together to enhance the communication and awareness among Metro Gas' current market of almost 60,000 households.

More direct marketing strategies will be actioned this quarter to increase awareness among households of the bill payment home service offered by Metro Gas.

The objective is to conduct a successful marketing campaign before looking to proceed to commercial production in the coming months.

SUNMar Express pilot:

SUNMar Express Global Services Inc. (SUNMar) has over 14,000 agents in the Philippines.

A pilot program enabling participating SUNMar agents to field test the Peppermint Platform to provide mobile bill payment and prepaid mobile phone (eLoad) services to their customers successfully concluded in the December 2017 quarter and will now go into full scale commercial production in the first quarter of 2018.

During the December 2017, SUNMar processed almost Php 400,000 (circa AUD \$11,000) worth of bills payments from the 10 agents currently working across its network.

Peppermint has witnessed significant growth for the first month of 2018 in bill payments of Php 183,000 (circa AUD \$5,000) that supports the strategic growth plan of SunMar to partner with cooperatives in regional and rural areas. These are promising figures in light of the fact that, to now, SunMar has only 10 agents working with the Peppermint Platform from its network of over 14,000 agents.

Update on Bank Partners:

As previously advised, the legacy business in place with Philippine Banks (who currently utilise the mobile banking and payments platform powered by Peppermint as a white label app



service offering) is evolving in line with internal bank policies and requirements to bring ownership of this valuable facility in house while Peppermint works with the banks to provide new and innovative services in addition to the basic white label app.

This evolution will result in natural attrition of legacy white label services and legacy agreements, however in parallel it will also provide opportunities to expand and transition these relationships via the provision of strategic and innovative services we aim to develop and deliver with and for the banks based on acknowledgement of our proven capabilities and know how.

In Peppermint's 2016 Annual Report, it was noted that despite the number of UnionBank users and transactions across the UMobile App powered by Peppermint increasing, UnionBank had indicated that they are going to substitute the UMobile App with their own in house app and that remains the case with UnionBank putting that substitution in place now.

This remains an issue to be resolved for Peppermint while we continue to sign new agreements with other banking partners like UCPB (in the September quarter) we announced a five year agreement to provide internet payment gateway services to UCPB customers.

At the same time, we are continuing discussions with our banking partners about more strategic partnerships to deliver innovative fintech services to the people of the Philippines, or support certain functionality of their own in-house mobile banking apps that are rolling out.

Private placement:

32.5m shares were issued at 2 cents per share raising \$650,000 in a private placement of 50m shares announced in the September 2017 quarter. Subsequent to the quarter end, the remaining \$350,000 issued at 2 cents per share was placed with strategic investor Smidge Digital Unit Trust, to complete the placement agreement for \$1m (announced on 4th September 2017).

-Ends-

For more information, please contact:

Chris Kain
Managing Director & CEO
Peppermint Innovation
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.



+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 2017

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	329	660
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(259)	(554)
(c) advertising and marketing	(19)	(37)
(d) leased assets	-	-
(e) staff costs	(300)	(582)
(f) administration and corporate costs	(126)	(208)
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	(375)	(721)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	600	650
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	(21)	(26)
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	579	624



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	128	429
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(375)	(721)
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)	579	624
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	332	332

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	316	112
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)	332	128

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	182
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	107
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	688



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 January 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.

