

ASX ANNOUNCEMENT

ASX Code: PIL

## Quarterly Overview and Operational Update

- Cash receipts up 27% quarter-on-quarter to \$326K, representing the fourth consecutive quarter of double digit increases in cash receipts
- Over 16,700 Bizmoto agents registered to 30 September 2019
- Significant increase in Bizmoto wallet activations and transaction volumes across the Bizmoto platform
- Major functional enhancements to Bizmoto E-load platform completed
- Over 220 merchants now registered for BizmoGo delivery and logistics services, with another 400+ merchants to be processed
- Significant expansion of BizmoGo delivery and logistics service throughout the eastern districts of metropolitan Manila
- Strong support from merchants for BizmoTinda, with approximately 200 merchants requesting their products and services to be listed on the Bizmoto e-commerce portal
- Launch of BizmoTinda promotional campaign in conjunction with Philippines' largest telecommunications company, Smart
- Significant increase in E-load sales with API network clients
- Bizmoto platform now integrated with EC Pay, allowing agents to load wallets from several leading telecommunications companies
- Trading in PIL shares suspended due to a "disclaimed audit opinion" on raising additional capital
- \$1.5M convertible note with sophisticated investor fully drawn
- \$2M placement from PEGG Capital (at 2.5cps) pending completion

**PERTH, AUSTRALIA, 31 October 2019:** Peppermint Innovation Ltd (**ASX: PIL**) ("Peppermint" or "the Company") presents its Quarterly Report for the period ended 30 September 2019 and is pleased to provide the following commentary and update to shareholders.

**Commenting on the September quarter activities, Peppermint's Managing Director and CEO Chris Kain said:** "Peppermint has delivered another strong quarter of growth with cash receipts up to \$326,000 – representing a 27% increase on our June quarterly result.

"This represents the fourth consecutive quarter the Company has delivered double digit revenue growth – which is a great achievement for Peppermint and one that our shareholders should be extremely pleased about, especially given the austere capital



management initiatives we have employed as we have worked to complete the \$2 million placement with PEGG Capital.

“The excellent results have been achieved because our Bizmoto team has executed on their operational objectives, namely increasing registered agent counts, driving mobile App downloads and utilisation rates, increasing wallet loading and activations, deploying BizmoGo delivery riders to three regions around Manila, acquiring new merchants for the BizmoGo offering, securing suppliers for BizmoTinda’s e-commerce inventory, and developing and deploying platform updates to assist delivery of these objectives.

“Our core objective for the December quarter is ‘continuous improvement’, with a priority focus around expanding the BizmoTinda e-commerce portal offering, increasing merchant registrations, launching new service categories to the BizmoGo rider community, lifting volumes of wallet transactions across the Bizmoto network and assisting the development team with significant upgrades in the upcoming App version releases.

“We have lifted key performance indicators for the Bizmoto team across every level and with the receipt of the \$2million PEGG Capital placement, our business plan will be fully funded is forecast to generate increased revenues and strong growth.”

## **SEPTEMBER 2019 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK**

### **Bizmoto Operations, Development and Platform Progress:**

The Bizmoto platform has continued to deliver solid growth, with 16,721 agents registered at 30 September 2019.

Importantly, the agents’ level of engagement with the Bizmoto App increased significantly. From 30 July to 30 September, both the number of ‘funded’ wallets and gross ‘cash-ins’ increased by more than 150 per cent.

The level of E-loading transaction for Bizmoto agents also increased by over 150 per cent during the quarter while the gross transaction volumes across all product lines increased by 120 per cent.

The BizmoGo pilot programs announced during the past two quarters have continued to grow in scope and scale, with significant expansion experienced throughout the eastern peripheral districts of metropolitan Manila.

The BizmoGo program is active in three population centres around Manila - greater Cavite to the south, Antipolo/Marikana to the east and Novaliches/Fairview to the north - and is exposed to a substantial user population numbering in the millions.



In particular, the municipality of Marikana has delivered strong demand for the Bizmoto

program and the team is analysing data received from this district to better understand its success factors.

At the end of September 2019, the BizmoGo program had registered 55 independent riders of which 33 have an 'active' status. All riders have access to third party delivery orders that are broadcast over the BizmoGo App while some participants, who exhibit outstanding skills, are given tasks directly by Peppermint as part of the program development. This included sales and marketing support, as well as delivering products to premium Bizmoto members.

The BizmoGo pilot programs have provided invaluable customer and merchant insights, and an improved version of the BizmoGo App is planned for release within the coming quarter.

BizmoGo merchant customers are currently offered two levels of service – “ad hoc deliveries on demand” and “standby delivery”. Customers pay distance-based delivery fees for the “ad hoc delivery on demand service” as opposed to a fixed daily rate plus a per delivery charge to have a “guaranteed available” rider. The standby delivery capability is proving the most beneficial model for all parties and, as such, the business development team is focused on expanding the market for this service during the next quarter.

A majority of merchants who participate in the BizmoGo program also want their listing on the BizmoTinda (E-commerce) portal. Most of these merchants are food services and their menus are displayed in the BizmoTinda App for direct ordering purposes. While the BizmoGo service is open to any type of merchant requiring deliveries, analysis shows the majority of current customers are food-service related – drawing immediate comparison to other food delivery services such as Grab Food and Food Panda.

BizmoGo had registered a total of 226 merchants with the program to the end of the September quarter, with another 400+ merchant prospects recording an expression of interest to join. The BizmoGo service is forecast to be available to approximately 400 merchants by the end of December 2019.

The Company's technical team rolled out several software upgrades to the Bizmoto App during the September quarter, and is continuing to work on immediate marketing opportunities to the Bizmoto agent base. The Bizmoto App's E-Load functionality was also overhauled to allow for promotional offerings from airtime providers.

### **BizmoTinda:**

The response from merchant partners for BizmoTinda (E-commerce) has been strong during the September quarter, with approximately 200 merchants requesting their products and services be listed on the BizmoTinda portal.



The business development team has had an ongoing focus of marketing pre-paid data

hardware and subscriptions through the Bizmoto platform. There is a significant and growing market segment for pre-paid data plans, which has been evidenced by strong sales growth for products in this category.

A three-month promotional campaign co-branded with the Philippines' largest telecommunications company, Smart, was launched in the September quarter. Smart provided 27 devices such as wide-screen televisions, smart phones and tablets to parties who make qualifying purchases during the promotional period.

Software upgrades are being developed to allow for rapid content management to cater for the increasing demand for its service.

#### **Enterprise (API) clients:**

Peppermint maintained API connected E-loading relationships with six third-party organisations during the September quarter, which has delivered strong revenue growth of 134 per cent quarter-on-quarter. Strong growth from existing clients and prospective new organisations is forecast in the December quarter.

#### **Channel Partners:**

The Bizmoto technical team has integrated the Bizmoto platform with EC Pay, a leading aggregator of bill payments, air loading services and other third-party payments, and made it available to the wider Bizmoto network.

Agents now have the capacity to load wallets from several leading telecommunications companies and, based on strong demand from users, a significant increase in App utilisation is expected.

#### **Collaboration with BancNet on Mobile Banking Solution:**

As previously announced, Peppermint is working closely with three BancNet Filipino banks to provide them with mobile banking technology and services that facilitate electronic fund transfers in real time.

The three BancNet outsourcing banks – UCPB Savings Bank, Partner Rural Bank (Cotabato) and the Bank of Makati – all represent rural and thrift banks that provide their customers with financial loans for rural and agricultural development.

Peppermint is collaborating with BancNet after the Central Bank of Philippines (Bangko

Sentral ng Pilipinas) directed all commercial and rural banks to establish a safe, efficient, affordable and reliable electronic payments system across the country.



The Central Bank of Philippines aims to increase the share of electronic retail payments from its current level of just one per cent of total payments to at least 20 per cent of total payments by 2020.

Peppermint is in continuing discussions with several other outsourcing banks about providing them with mobile banking solutions.

### **Co-Operative Business Partners Progress:**

During the June quarter, Peppermint formally launched a mobile app that was developed for the Cooperative Health Management Federation (CHMF). The first phase of the mobile app which allows CHMF's 41,088 members to locate accredited medical centers, make appointments and review all of their medical insurance history online has been completely turned over to CHMF.

Peppermint is now working closely with CHMF on phase two of the project which will include functionality for a mobile wallet, QR code payments, member-to-member payments and other transactional capabilities.

The CCT monitoring system developed and deployed with MASS Specc is in place however, the system has not been fully used to date due to issues MASS Specc has experienced in their data uploading capabilities. Another disbursement is scheduled for November utilising the CCT system and the company is working closely with MASS Specc to lend technical assistance where required.

Additionally, Peppermint is in discussions with MASS Specc to explore the use of the CCT system for other disbursement processes, as well as consider utilising the Company's mobile banking application to access Instapay and PesoNet across their member base. MASS Specc has more than 300 affiliated primary co-operatives and more than one million individual members.

### **Corporate:**

On 11 October 2019, the Company's shares were suspended from trading on the Australian Securities Exchange due to a "disclaimed audit opinion" on the Company's financial report for the year ended 30 June 2019 based on the ability of the Company to raise additional funding.

The ability of the Company to continue as a going concern is contingent on a number of future events, with the most significant being to obtain additional funding to continue its activities and to pay its debts as and when they fall due. At the date of signing the opinion on the 30 June 2019 financial report, the auditors were unable to obtain sufficient appropriate evidence as to whether the Company would be able to obtain such funding and as a result, were unable to determine whether the going concern basis of preparation was



appropriate, and therefore whether the assets and liabilities of the Company can be realised at the amounts stated in the financial report.

Peppermint recently advised (18 October 2019) it had drawn down the final tranche of a \$1.5million convertible note with Melbourne-based sophisticated investor, Casson Group, which will be used to satisfy ongoing working capital requirements.

The notes may be converted at 2.5 cents per share (which is a significant premium to the Company's average share price during the last 12 months) and grant to the holder the option to buy further PIL shares at a price of 1.4 cents per share at the rate of 1 PIL share for every two shares the notes entitle them to.

The Company has an agreed \$2m placement at 2.5 cents per share with PEGG Capital and the investor continues to advise that this placement will be completed. While the Company has other options to raise funding, it is persisting with completing the placement as (i) it continues to be advised that the placement will be completed and (ii) the Board considers the terms are favourable to existing shareholders.

Once the \$2million placement has been received, the next stage of the Company's business plan will be fully funded and it will generate increased revenues and strong business growth.

Discussions with the ASX have indicated the suspension of trading will be lifted on the Company's shares once the Company receives an audit opinion on a financial report which is not "disclaimed" and the ASX are satisfied the Company complies with Chapter 12 of the Listing Rules. Upon receipt of the \$2m placement, the Company will work to have an audit opinion issued which is not disclaimed and to have the Company's shares reinstated to trading on the ASX.

**-Ends-**

**For more information, please contact:**

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

**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 is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payment and remittance, delivery and logistics, ecommerce and finance technology to service the Philippines market – which was initially designed for banks, agents, associations and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.



## 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 2019

<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	326	326
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(312)	(312)
(c) advertising and marketing	(8)	(8)
(d) leased assets	-	-
(e) staff costs	(223)	(223)
(f) administration and corporate costs	(265)	(265)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(3)
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>(485)</b>	<b>(485)</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	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>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	-	-
3.2 Proceeds from issue of convertible notes	455	455
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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</b> <b>Net cash from / (used in) financing activities</b>	<b>455</b>	<b>455</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	82	82
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(485)	(485)
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)	455	455



<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>52</b>	<b>52</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	47	77
5.2	Call deposits	-	-
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>52</b>	<b>82</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>
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131
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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>
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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	345
9.3 Advertising and marketing	16
9.4 Leased assets	-
9.5 Staff costs	298
9.6 Administration and corporate costs	160
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>819</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:  ..... Date: 31 October 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.