

## ASX ANNOUNCEMENT

### Appendix 4C & Quarterly Review

- Named by Forbes Philippines as one of the Top 24 Fintech start-up companies in the Philippines.
- Strong revenue growth of 17% for the quarter, driven by a 20% increase in transaction volumes.
- UnionBank initiatives developed and implemented to drive account holder registration to its target of 2.5 million registered users to the UMobile app powered by Peppermint's mobile banking and payments platform.
- On-boarding of Bayad Center billers commenced with 13 billers added during the quarter.
- Agent registration for the MyWeps app, powered by Peppermint's mobile payments and remittance platform is ongoing with Peppermint assisting MyWeps to on-board agents, add new billers and progress the requirements of the market regulator to implement a pilot mobile remittance program for agents.
- Strategic partnership with UCPB Bank extends offering to include 'Peppermint Fast Remittance System' and international remittance capability
- The Company remains well funded, with over \$1.61m of cash in the bank.
- International payments expert Mr Rod Tasker appointed as Non-Executive Director and Strategy Advisor, with immediate focus developing the Australian business operations.

**PERTH, AUSTRALIA 31 OCTOBER 2016:** Peppermint Innovation Ltd (**ASX: PIL**) (the Company or Peppermint) has today lodged its Appendix 4C Report for the period ended 30 September 2016 and is pleased to provide a review of its progress for the quarter.

#### **Operational Progress**

##### Forbes Philippines' Top 24 Fintech start-up companies

Peppermint Innovation was proud to be included in the October 2016 issue of Forbes Philippines' (Forbes) list of Top 24 Fintech start-up companies incorporated in the Philippines, providing strong validation of the potential for Peppermint's offering and innovative technology.

##### Mobile Banking & Payments (MBS) Platform

Peppermint currently provides its white label MBS Platform to three Tier 1 Philippine Banks: the UnionBank of the Philippines (UnionBank), United Coconut Planters Bank of the Philippines (UCPB) and the Metropolitan Bank & Trust Company (together, the 'Banks').



During the quarter, the number of registered users across the platform was circa 180,000, increasing 11% over the June quarter and 40% since the beginning of 2016, as banking customers continue to register and use the MBS platform. In the September quarter, transaction volume continued to grow, generating 4.5 million transactions and revenue of circa 6.5 million pesos, an increase of 17% on the June quarter and 28% on March quarter revenue.

During the quarter, the Company announced UnionBank was targeting the registration of 2.5 million UnionBank account holders to UMobile, UnionBank's branded version of Peppermint's MBS platform. To facilitate this, the Company developed and delivered a batch enrolment process to UnionBank with the roll out dependent on the completion of UnionBank's EMV card program scheduled prior to year's end.

#### UnionBank "Zero Data" initiative

In July 2016, UnionBank informed Peppermint of its intention to sponsor the cost of mobile internet access for its customers accessing its UMobile app, meaning users will not be charged data fees when using the networks of Smart, Sun or Talk and Text to operate their account.

This plan to attract users to UMobile is wholly supported by Peppermint who conducted further development work with UnionBank's technical team to tweak the UMobile app (for iOS and Android) to underpin the "Zero Data" initiative. This work was completed in October and UnionBank is now awaiting clearance for the Zero Data initiative to be promoted in production.

#### Partnership with Bayad Center, the largest bill payment business in the Philippines

During the quarter, the Company signed an agreement with CIS Bayad Center, Inc (CBCI), the largest bill aggregator in the Philippines, to provide its proprietary mobile application, the 'Peppermint Payment Collection Solution' (PPCS), to CBCI's 200+ billers via the MyWeps mobile application. Its biller list includes providers of a wide range of services including utilities, government services, telecommunications, cable TV and internet.

The PPCS will integrate with CBCI's payments collection system, to allow consumers to pay their bills via a mobile application as part of a seamless process and Peppermint continues with its efforts to on-board Bayad billing parties. To date, the Company has on-boarded 13 such billing parties with another 14 billing parties in the immediate pipeline. With large billers joining the platform, the Company anticipates the number of agents transitioning onto the platform will accelerate.

The partnership with CBCI further strengthens Peppermint's status as a leading mobile payment solution in a country of ~100 million people and an economy growing faster than China.

#### Strategic Partnership with United Coconut Planters Bank (UCPB)

Deepening its relationship with Peppermint, UCPB entered a strategic partnership with Peppermint to develop and install the "Peppermint Fast Remittance System" (PFRS), a proprietary platform designed by the Company that extends UCPS's customer offering to



include international remittance services to its customers via the Interbank Funds Transfer facility (IBFT) in the Philippines.

The PFRS creates the ability to deal with the international remittance market providing an effective direct credit to bank facility for international money transfers into the Philippines. The system, currently under development, will be installed with UCPB to expand their international remittance service offering, and more importantly allow Peppermint to offer direct credit to bank international remittance services into the Philippines. This is an attractive target market for Peppermint with the Philippines being one of the world's main remittance corridors, worth approximately USD 28 billion in 2015, with some USD 1 billion coming from Australia.

The expansion of Peppermint's offering to UCPB and its customers is a testament to the Company's strong product offering and the established relationship between Peppermint and the UCPB.

#### Agent Mobile Payments and Remittance Platform (MPRP)

This purpose built mobile remittance, bill payments and e-load platform for established non-bank agent networks allows agents to launch their own mobile-based micro business as an accessible alternative to the traditional bricks and mortar interfaces. By doing this, the MPRP delivers innovative mobile financial services to facilitate financial inclusion and consumer convenience.

The launch of Peppermint's MPRP with our first Filipino partner, MyWeps International, Inc., had an initial objective of making the MPRP commercially robust. Delivering the MPRP to the unbanked in the Philippines through an agent network has provided certain issues and hurdles resulting in a delay to deployment, however, in conjunction with MyWeps, these hurdles are being overcome.

Management is confident the innovative nature of Peppermint's remittance offering will continue to drive acceptance of the MPRP. Its unique functionality addressing the mandatory AMLA and KYC requirements provides a robust remittance solution to a market fundamentally shifting away from bricks and mortar. Along with MyWeps, the Company continues to work with Philippine Authorities to progress a mobile remittance pilot program without the need for the traditional bricks & mortar interface, which will pioneer the practical aspects of this change in the remittance market for people who do not hold a bank account or credit card.

#### **Corporate and Financial Update**

##### Appointment of Rod Tasker as NED and to establish Australian operations

Australian based international payments expert, Rod Tasker, was appointed as Non-Executive Director and Strategy Advisor for the Company during the September quarter. With strong experience and expertise in the Australian and international payments space, Mr Tasker's immediate focus is to develop the Company's Australian business, and to establish the infrastructure and strategy for outbound remittances into the Philippines and other major remittance corridors.



Already, Mr Tasker's experience and expertise has proven highly valuable to the Board and has stimulated a rapid increase in activity supporting the establishment of Peppermint's Australian operations.

Mr Tasker replaced Dr Vince Power, who Peppermint would like to thank for his invaluable contribution, vision and expertise and the Company looks forward to working with him again in the future.

#### Financials

During the quarter, the Company received cash of 6.5 million pesos from customers, a significant increase on the prior quarter of 5.5 million pesos – a 17% increase. Due to the appreciation in the Australian dollar against the Peso, revenue for Q1 FY 2016 is AUD \$181,600, on Q4 FY16 revenue of AUD \$177,000.

Of the \$501,000 of cash payments, \$181,000 was spent on product manufacturing, advertising and marketing, with the remainder spent on operating, staff and other corporate costs of the day to day running of the business.

The Company is well funded to execute its growth and expansion strategy with cash at bank of \$1.6 million at 30 September 2016.

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

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#### **About Peppermint Innovation Ltd**

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, 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.

The Peppermint Platform is now being used by leading commercial banks 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 2016

<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	182	182
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(146)	(146)
(c) advertising and marketing	(35)	(35)
(d) leased assets	(2)	(2)
(e) staff costs	(230)	(230)
(f) administration and corporate costs	(273)	(273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(1)	(1)
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>(501)</b>	<b>(501)</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	-	-
<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>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
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>4.</b> <b>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	2,107	2,107
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(501)	(501)
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)	-	-

<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>1,606</b>	<b>1,606</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	56	190
5.2	Call deposits	1,545	1,912
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>1,606</b>	<b>2,107</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>
146
-

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

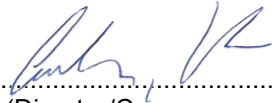
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	156
9.3 Advertising and marketing	39
9.4 Leased assets	-
9.5 Staff costs	203
9.6 Administration and corporate costs	98
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>496</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 2016 .....

(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.