

ASX ANNOUNCEMENT

ASX Code: PIL

## Quarterly Overview and Operational Update

- Cash receipts up 92% with further growth expected as company operations expand
- Over 12,000 Filipinos currently registered with Bizmoto
- Micro-business program Bizmoto Delivers commenced the first pilot stage in targeted regions of the Philippines – Peppermint earns a fee for every transaction processed by a BizmoGo rider across the Bizmoto platform
- Major social media campaign launched to profile the Bizmoto Delivers program and to secure new BizmoGo riders
- The Philippines' largest interbank network of local and offshore banks BancNet teamed up with Peppermint on the provision of mobile banking technology and services
- Funding partners remain committed – PEGG Capital Limited committed to fill Smidge Digital Unit Trust placement agreement of \$1.5 million @ 2.5 cents per share; Caason Group to increase initial 12-month \$250,000 convertible note facility (placed at 2.5cps) to \$1.5 million (placed at 2.5cps)
- Further funding commitment - PEGG Capital has now committed to increase the placement at 2.5 cps to \$2 million in total as an initial equity investment (inclusive of \$1.5 million to fill SDUT placement agreement), with capacity to increase this support up to \$5 million in total.
- Albert Cheok (PEGG Capital Limited Chair) appointed Non-Executive Director to Peppermint Board

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

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

"It has been another busy quarter with a number of key milestones achieved. Cash receipts were up 92% on the previous quarter. Much of this growth is due to the on-boarding of several network partners who distribute Eload and bills payment services on a distributor basis. The Company has a continuing strategy to attract network partners, including



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banking customers and business center franchises to vend Bizmoto products via API interconnections. In addition to the network partner on-boarding initiatives, the Company projects significant growth in retail basis transactions as the Bizmoto Agent network continues to expand. Currently we have circa 12,000 Filipinos registered with Bizmoto and are working daily on-boarding agents, while also running new agent registration campaigns.

“The launch of the Bizmoto Delivers program, BizmoGo, was another transformational turning point for Peppermint. We are now on the ground rolling this out and working hard to expand the Bizmoto Delivers program at the start of that exciting journey.

“Our Bizmoto brand, powered by the Peppermint, is emerging and we are firmly focused on the ongoing development and growth across four fundamental business sectors namely:

- Payments;
- Delivery & Logistics;
- E-Commerce; and
- Financial Services;

“Additionally we continue to work closely with Bancnet, UCPB and other interested stakeholders across the banking sector in the Philippines, where as a result of our experience and recognition of service delivery within the banking sector, we are being engaged to deliver solutions that comply with governing mandates.

“In relation to funding, we have ongoing support from our major shareholders Smidge and Caason Group, who are totally committed to the Company’s vision and our growth strategy, and we welcome PEGG Capital limited – a 600 million Euro Malta-based investment company - as a strategic funding partner moving forward. Their commitment is underscored by the fact that Albert Cheok, the Chairman of PEGG Capital Limited, has been appointed to the Peppermint Board; coinciding with PEGG Capital committing to provide \$2 million as an initial equity investment at 2.5 cps, with funding support up to \$5 million in total over time.

“We are continuing to see an improvement in the Company’s performance as we ramp up the roll out of our current business programs and marketing campaigns, and are encouraged by our new business initiatives and strategies that will compliment and drive further growth for Peppermint.”



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## MARCH 2019 QUARTERLY OPERATIONAL UPDATE AND OUTLOOK

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

#### **‘Bizmoto Delivers’ micro-business pilot program launched in the Philippines;**

Peppermint has launched the first stage of its Bizmoto Delivers micro-business pilot program, BizmoGo, in the Philippines. BizmoGo is a motorbike-based on-demand delivery and errand service provided by qualified Bizmoto agents which is focused on “last mile” services in the general vicinity of Bizmoto Agents. Services are designed to be fulfilled via the Bizmoto app ‘powered by Peppermint’ for local merchants, restaurants and businesses.

The program was launched on April 5<sup>th</sup>, 2019 in the Cavite region of the Philippines, which is the first of four strategic regions selected for the BizmoGo roll out. On this occasion 15 BizmoGo riders were given training and accreditation, and instructed on how to build their own micro-business combining the Bizmoto mobile app ‘powered by Peppermint’ and a motorcycle that allows them to deliver a range of Bizmoto services to the people of the Philippines.

Four strategic areas of the Philippines, where there is a high demand for Bizmoto’s services such as mobile payments, mobile eLoad, money transfers, logistics and delivery, have been targeted for the pilot program and once the Bizmoto Delivers pilot program is fully launched in all four selected regions, there will be 60 active BizmoGo riders delivering services to the Filipino people using the Bizmoto app.

The Bizmoto Delivers program intends to offer qualified BizmoGO riders a finance and insurance package that can assist them to buy a suitable motorcycle for their micro-business, adding the ability for BizmoGo riders to deliver basic commodities such as rice, water and LPG cylinders. It also presents other commercial opportunities, such as postage, package and food delivery.

Peppermint is working with TVS Global Automobile Trader FZCO (TVS) via a locally registered wholesale dealer in the Philippines to supply motorcycles, parts, service support and warranties for the Bizmoto Delivers program.

#### **Bizmoto Agent registrations exceed 12,000;**

To date more than 12,000 Filipino people have registered to become a Bizmoto agent. The company has maintained a social media marketing program which continues to result in a rapid agent registration. During the quarter several targeted marketing strategies were deployed to identify and recruit particular categories of Bizmoto users. These include “Super Agents” and “BizmoGo Riders” and the Company has been able to identify and recruit Super Agents in key operational areas for Bizmoto service roll-out. Campaigns have also been geared to BizmoGo Rider enlistment which has resulted in an initial pre-registration of over 600 BizmoGo Rider applicants.



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Under the Bizmoto model, Peppermint earns a fee for every transaction that is processed by an agent using the Bizmoto app. To encourage increased agent use of the Bizmoto platform Peppermint continues to develop functionality to incorporate into the Bizmoto mobile app.

#### **BizmoTinda – e-Commerce enabled platform upgrade introduced;**

During the quarter Peppermint released an updated version of the Bizmoto Agent mobile application that incorporates robust e-commerce listing capabilities. The product silos include – 1) business kit collaterals, tools, equipment, and parts, 2) listing of third-party products, and 3) the capability for agents to list their own products for distribution across the network.

The website ([www.bizmoto.com.ph](http://www.bizmoto.com.ph)) has also been upgraded to feature the same commerce capabilities and is available to any user via a web browser. The same framework is deployed for BizmoGo delivery services. Merchants who participate in the delivery service are invited to list their business and merchandise on the commerce platform, enabling users to order products for delivery online.

The Company is also in discussion with several major distributors to list their products on BizmoTinda. All commerce transactions share a common architecture with BizmoGo, creating a seamless ordering and fulfillment workflow.

#### **Bizmoto social influencer campaigns introduced;**

A major social media marketing campaign was launched during the quarter to coincide with the start of the Bizmoto Delivers pilot program.

The Bizmoto marketing team has now enlisted several social media influencers to broadcast the brand and value proposition more extensively across the Philippines. These have included TV and Vlogger personalities, such as Dante Gulapa, as well as a number of widely followed bloggers. In the month of March these collaterals have been viewed circa 250,000 times, representing a significant promotion in the Bizmoto brand profile.

The Bizmoto brand was also featured by nine bloggers in March with extended reviews of the service offering. The Company will continue to build upon this momentum in partnership with trending influencers to broadcast brand messages to target demographics.

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#### **Call centre operations launched;**

The company recently launched call centre operations in the Philippines to ramp up Bizmoto agent registrations and on-boarding. In prior quarters the operating team has identified the effectiveness of outbound caller programs to the Bizmoto Agent base, which has shown to be the most economic strategy to encourage engagement.

With the introduction of a call centre operation, the Company is positioned to scale rapidly by better interacting with our network of Bizmoto agents and partners.

In the coming quarter Peppermint intends to ramp up the scope of its social media and brand broadcasting campaigns with complementing support from the call centre.

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

During the quarter, Peppermint also teamed up with BancNet to provide the Company's mobile banking technology and services that facilitate electronic fund transfers (EFT's) in real time to BancNet member outsourcing banks.

BancNet is the Philippines' single Automated Teller Machines (ATM) switch operator connecting the networks of local and offshore banks. It is a multi-bank, multi-channel electronic payments network that enables its members' customers to transact not only at ATM but also at point-of-sale (POS) terminals, the Internet and mobile phones. It is the largest interbank network in the Philippines serving ATM cardholders of its 114 members and affiliates with circa 20,000 ATMs and more than 5,000 POS terminals, processing more than 630 million transactions in 2017.

Peppermint's collaboration with BancNet follows a recent direction from the Bangko Sentral ng Pilipinas (BSP) (the Central Bank of Philippines) for all commercial and rural banks to establish a safe, efficient, affordable and reliable electronic payments system across the country.



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InstaPay was launched recently as part of the BSP's National Retail Payments System, and is an electronic fund transfer service that allows customers to transfer peso funds almost instantly between accounts of participating BSP-supervised banks and non-bank e-money issuers in the Philippines.

As BancNet's mobile banking technology partner, Peppermint will look to license its mobile banking platform, incorporating the technology to facilitate InstaPay, to BancNet member outsourcing banks.

The launch of Peppermint's mobile banking platform with BancNet's Outsourcing Banks is in progress and contingent on the ongoing migration of new core banking systems for some involved outsourcing banks, as well as the current review, by the BSP, and yet to be released final specifications of the national standard for the Quick Response Code (QR code). This will be a standard feature available on Peppermint's mobile banking system and will be provided to Outsourcing BancNet banks - considered a first among the rural banks in the Philippines.

Peppermint understands that the QR code functionality is an important part for the future of mobile payments that is gaining traction in the Philippines, as evidenced by the QR codes promotions of UnionPay, Alipay and WeChat. Based on a business model of collaboration, Peppermint and BancNet aim to meet the growing demand for cashless payments and innovative mobile payment solutions in the Philippines to promote and deliver financial inclusion.

#### **Banking Partner Progress:**

With the growth of digital payments UCPB is focused on expanding the functionalities of the mobile phone banking system as a priority among all its channels. Peppermint and UCPB continue to work together in providing more financial products and services UCPB can offer to its customers directly with one front-end user experience-optimizing the banking customer experience using the UCPB mobile phone banking powered by Peppermint.

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

Peppermint recognises the critical role that Co-Operatives perform in providing financial services in the regional and rural areas of the Philippines. We understand the opportunity that exists and are well placed (due to the work done to date) to offer our proven mobile banking and payment technology platform to the Co-Op sector that will empower these organisations as vehicles for social and economic progress in the Philippines.

CHMF is confirmed to launch and highlight the Peppermint developed CHMF mobile app in its annual general membership meeting in May of this year. Peppermint continue to discuss with CHMF and its affiliated Co-Operatives possible collaborations, to include the ability for Bizmoto agents to offer CHMF micro-health plans and micro-insurance plans of CISP, the biggest insurance co-operative in the Philippines. Additionally we are working to provide



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payment systems such as the QR codes for the Co-Operatives, their members and networks that include distributors, retailers, and service partners among others.

MASS-SPEC - Due to the declaration during the quarter of martial law in Mindanao, the Conditional Cash Transfer (CCT) monitoring system developed by Peppermint for MASS-SPECC (the biggest federation of Co-Operatives based in the southern Philippines) has been delayed. We are reviewing alternative ways to be able to render financial services in this region and ongoing discussions are continuing on how to provide a mobile banking solution to the member co-operatives of MASS-SPECC.

### **CORPORATE:**

#### **PEGG Capital Limited to increase funding support and NED appointment:**

Peppermint advised during the quarter that it had garnered support from two strategic investors to help the Company deliver its next exciting phase of growth.

In early March Peppermint advised that PEGG Capital Limited would fill a \$1.5m placement agreed by Smidge Digital Unit Trust and announced on 30 October 2018. The \$1.5 million placement for 60 million shares at 2.5 cents per share was set to be completed 30 April 2019.

In a major vote of confidence in Peppermint's financial technology platform and business model, PEGG Capital has now advised Peppermint that it wishes to increase the initial equity placement at a price of 2.5 cents per share to \$2 million, with the ability for Peppermint to access up to \$5 million in total as the company grows, and PEGG Capital Chair Albert Cheok has been appointed as a Non-Executive Director to the Peppermint Board.

To satisfy interim ongoing working capital requirements Peppermint already has drawn down \$250,000 and is in the process of drawing down a further \$250,000 of a \$1.5m convertible note facility (placed at 2.5 cents per share) with the Caason Group. The initial 12-month \$250,000 convertible note facility (placed at 2.5cps) was increased to \$1.5 million (placed at 2.5cps) during the quarter to assist the company with funding needs.

**-Ends-**

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

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



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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.

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## 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 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	227	425
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(157)	(292)
(c) advertising and marketing	(14)	(57)
(d) leased assets	-	-
(e) staff costs	(213)	(849)
(f) administration and corporate costs	(106)	(448)
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>(263)</b>	<b>(1,221)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	640
3.2 Proceeds from issue of convertible notes	250	450
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(9)	(35)
3.5 Proceeds from borrowings	-	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) -	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>241</b>	<b>1,070</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	113	242
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(263)	(1,221)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	241	1,070

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 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>87</b>	<b>87</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	82	108
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>87</b>	<b>113</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>
------------------------------------

111

-

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	196
9.3 Advertising and marketing	29
9.4 Leased assets	-
9.5 Staff costs	265
9.6 Administration and corporate costs	142
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>632</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	-	-

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**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: 30 April 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.

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