



11 November 2020

## **Plexure prepares for growth**

During the first half of FY21, the Company continued to build on the financial foundations laid down over the previous three years. Revenues have continued to grow, although the rate of growth has slowed compared to previous years as the impact of the COVID-19 pandemic on customer activity and our sales pipeline took hold. Notwithstanding this slowdown in activity, we ended the half with over 200 million users on our platform supporting customers in 60 countries in 40 different languages.

We have undertaken a review of our business strategy during the last six months and will continue to focus our resources on the Quick Service Restaurant (QSR) and Grocery verticals where there are large, globally addressable market opportunities and we have proven and sustainable competitive advantages in the delivery of:

- Mobile customer engagement;
- Loyalty management;
- Ai-driven data analytics; and
- Mobile order and pay.

More recently, customer and sales pipeline activity has increased and the Board remains confident that despite ongoing market uncertainty related to COVID-19, our value proposition is strong and will assist driving consumers back into our customer's retail environments. Our prospects and customers have become increasingly reliant on digital channels for sales growth.

Our inclusion in Gartner's 2020 Magic Quadrant for Mobile Marketing Platforms in October this year is a great endorsement of Plexure's leadership position in its sector and places the Company in an elite group of providers. This external validation by Gartner will attract international attention from prospective customers and have a positive impact on sales pipeline growth.

Given our confidence in the long-term prospects for the Company, we have accelerated investment in our product portfolio and our technology capability during the first half. In particular, we have increased our use of Artificial Intelligence (Ai) and Machine Learning (ML) in the development of new products to ensure that we remain a leader of data-driven analytics to enable our customers to deliver highly relevant personalised offers to their consumers. We have also increased our investment in our sales and marketing functions to help capture new international customers and improve the management of existing customers as their business with us grows.

These investments are principally in people, thus our headcount through the half-year has grown from 139 at 1 April 2020 to 161 at 30 September 2020. Consequently, our cost base for the first half has grown by 79% and the net result for the period is an after tax loss of \$4.4 million, which is in line with the Board's expectations given our conscious decision to invest for growth.

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In July 2020, we announced that Plexure was investigating an ASX listing and capital raising to support its need for new capital to fund the Company's growth plan. After much work undertaken in conjunction with the Company's advisors, it has been decided that the best way to achieve an Australian presence is to seek a secondary ASX listing (an ASX foreign exempt listing) and maintain the Company's primary listing in New Zealand. Consideration may be given to migrating our primary listing to Australia at a later date.

Contemporaneously with completion of the ASX foreign exempt listing, the Company will undertake an underwritten A\$30.0 million private placement to Australian and New Zealand institutions and sophisticated and professional investors. A non-underwritten Share Purchase Plan (SPP) of up to NZ\$5.0 million will also be offered to the Company's New Zealand shareholders on the same terms as the placement.

It is expected that the ASX foreign exempt listing and capital raising will be complete by the end of November 2020, providing the Company with the growth funding required to pursue its three-year plan at pace.

## Financial Performance

	<b>6 Months 30 Sept 2020 \$'000s</b>	<b>6 Months 30 Sept 2019 \$'000s</b>	<b>Change \$'000s</b>	<b>Change %</b>
Total revenue	14,490	11,763	2,727	23%
Revenue from contracts with customers	14,362	11,651	2,711	23%
Net profit/(loss) after tax	(4,409)	1,177	(5,586)	(475%)
Cash at bank (including term deposits)	8,761	13,581	(4,820)	(35%)
Staff (FTE's)	161	95	66	69%

During the first half of FY21, the Company continued to build on the financial foundations laid down over the previous three years. Revenues have continued to grow and along with this the associated platform costs have also increased. The Board and Senior Leadership Team (SLT) team made the decision to increase headcount to enable product development to be accelerated and undertake the platform enhancements required to support much larger user numbers and activity levels. An increased investment has also been made in the Company's sales and marketing capability. This increase in headcount is the principal driver of cost growth and is aligned with the Company's business strategy and capital raising plans.



During the first half of FY21, the Company's revenue grew 23% to \$14.4 million, compared with the same six-month period last year (\$11.7 million). Recurring revenue (representing licence and support fees) increased by \$1.7 million, or 23% to \$9.0 million, while non-recurring revenue increased by \$1.2 million, or 28% to \$5.3 million. Non-recurring revenue represents funded development and one-off projects for customers. There has been a consistent pipeline of non-recurring revenue for several years and this will continue for the foreseeable future.

Our cost base has increased by 79% to \$18.8 million, compared with the same six-month period last year (\$10.5 million), as we invested in product and platform development, staff, and professional costs.

Increased users and platform activity have driven growth in IT costs from \$2.6 million to \$4.0 million. During the period, we incurred some dual running costs as we moved parts of our platform between cloud providers. Re-architecting and modernising the platform remains a key focus for the business.

Total staff and contractor headcount has increased by 69% from 139 to 161 and the associated wage and salary costs have increased by \$4.5 million to \$9.9 million. Most of this growth has been in our engineering teams as we continue to employ further staff to modernise the platform and develop new products.

As the Company requires significant capital for its next phase of growth, in July 2020 we announced our intention to investigate undertaking an Initial Public Offering (IPO) on the ASX. Expenses associated with this process were the major driver of the increase in professional costs of \$1.7 million to \$2.1 million.

Other expenses increased by 762% to \$0.7 million, including foreign exchange losses of \$0.5 million. The majority of our revenue is either denominated in Japanese Yen or United States dollars while our cost base is mainly New Zealand dollar denominated. The strengthening New Zealand dollar since the start of financial year and the timing of payments from customers generated this foreign exchange loss.

The net loss after tax for the period attributable to shareholders increased by \$5.6 million to \$4.4 million.

**ENDS**

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## About Plexure

Plexure is a mobile engagement software company. Global brands use the Company's products to engage consumers on mobile devices and drive them to store with personalised offers, mobile order and pay and loyalty. Plexure's software integrates with operational systems to remove friction and create a seamless purchase experience for consumers.

Plexure makes the sales process for physical retailers seamless, engaging and profitable by identifying where customers are, what they want and then facilitating their purchases.

The Company's technology platform and product offering covers five key capabilities:

- Personalised offers
- Next generation loyalty programmes
- Mobile order and pay
- Analytics
- Seamless operations integration.

Brands that use Plexure experience an increase in customer numbers and visit frequency, higher average transaction values, larger share of wallet and improved customer satisfaction scores.

The Company now has over 210 million end users on its platform in 60 countries.

Plexure has offices in Auckland, Chicago, Atlanta, New York, Tokyo, London and Copenhagen. Clients include McDonald's, White Castle, Super Indo and Loyalty New Zealand.