

NZ RegCo

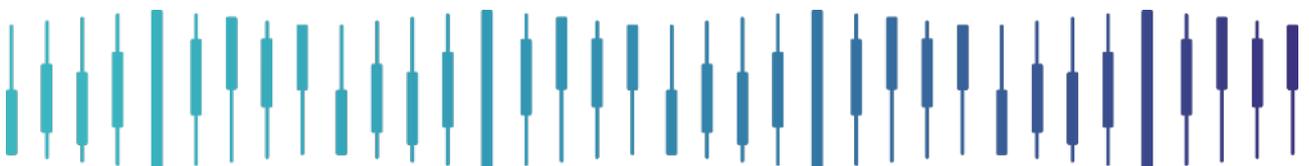
NZ'S LISTED
MARKET REGULATOR

29 July 2022

NZ RegCo Decision

Plexure Group Limited ("PX1")

Application for waiver from NZX Listing Rule 5.1.1(b)



Background

1. The information on which this decision is based is set out in Appendix One to this decision. These waivers will not apply if that information is not or ceases to be full and accurate in all material respects.
2. The Rule to which this decision relates is set out in Appendix Two to this decision.
3. Capitalised terms that are not defined in Appendix One to this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 5.1.1(b)

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by PX1 is complete and accurate in all material respects, NZ RegCo grants PX1 a waiver from Rule 5.1.1(b) to the extent required to allow PX1 to enter into and perform the Revised Commercial Model Agreements without needing to obtain shareholder approval.
5. The waiver in paragraph 4 is provided on the following conditions:
 - a. That two Independent Directors of PX1 must certify (on behalf of the PX1 Board) that:
 - i. the Revised Commercial Model Agreements have been and will be negotiated on an arm's length basis;
 - ii. entry into the Revised Commercial Model Agreements is in the best interests of PX1 and PX1's shareholders; and
 - iii. entry into the Revised Commercial Model Agreements does not significantly change, either directly or indirectly, the nature of the business of PX1 and is in the ordinary course of its business.
 - b. That the conditions and implications of this waiver are disclosed in PX1's next annual report.

Reasons

6. In coming to the decision to provide the waiver of Rule 5.1.1 set out in paragraph 4 above, NZ RegCo has considered that:
 - a. PX1 has submitted, and NZ RegCo has no reason not to accept, that the granting of this waiver will not offend the policy behind Rule 5.1.1 as:
 - i. the policy behind Rule 5.1.1(b) is to regulate those transactions which have a value that represents a majority of the equity that investors hold in the Issuer and, as a result, are deemed to be so significant to the Issuer, and therefore so likely to impact shareholders' interests, that shareholders should have an opportunity to consider the transaction and exercise their right to vote before the transaction can take effect; and
 - ii. The entry into the Revised Commercial Model Agreements do not materially affect the nature of PX1's business generally, and with McDonald's.

- b. PX1 submits, and NZ RegCo has no reason not to accept, that the Revised Commercial Model Agreements are in the best interests of PX1 and PX1's shareholders.
- c. The Revised Commercial Model Agreements have been negotiated on an arm's length basis. The conditions of the waiver require the Independent Directors of PX1 to give a certification to this effect.
- d. There is precedent for this decision.

Confidentiality

- 7. PX1 has requested that this decision is kept confidential until an announcement of the entry into of the Revised Commercial Model Agreements is released to the market.
- 8. In accordance with Rule 9.7.2, NZ RegCo grants PX1's request.

Appendix One

1. Plexure Group Limited (**PX1**) is a Listed Issuer with Equity Securities Quoted on the NZX Main Board.
2. PX1 currently has a Master Services Agreement in place with McDonald's Corporation in the United States (**McDonald's**) that is used as the basis for separate agreements with McDonald's Affiliates/Licensees in 66 countries.
3. PX1 and McDonald's have recently been working together on a revised commercial model because they decided that the current Master Services Agreement is not fit for purpose for a number of reasons, including the pricing and the short notice exit rights in favour of PX1 and lack of transitional services period and licence rights on termination in favour of McDonald's not reflecting the importance of PX1's platform and solution to the McDonald's Affiliates/Licensees.
4. PX1 and McDonald's are near final negotiations for two new agreements (the **Revised Commercial Model Agreements**), both for a term of five years commencing with a deemed effective date of 1 August 2022, that essentially update the current Master Services Agreement.
5. The Revised Commercial Model Agreements also reflect other standard technology contract concepts, including:
 - a. PX1 will be required to pay service credits if PX1 fails to meet the applicable service levels.
 - b. If McDonald's decides to terminate for convenience before the end of the five year term then any of the fees under the Parent Agreement that are unpaid would then be payable as an early termination charge. If McDonald's terminated the agreements due to an unremedied material breach of Plexure then any such unpaid fees would not be payable, as is usual.
 - c. McDonald's will have a non-exclusive perpetual licence to use the intellectual property in the Plexure platform solely for its own business purposes following the end of the agreements and Plexure will be required to provide transitional services for a period of up to 12 months (on a further payment basis to the extent incremental costs are incurred) following the end of the agreements.

Waiver from NZX Listing Rule 5.1.1 – Further Information

6. The entry into the Revised Commercial Model Agreements is a Major Transaction for the purposes of Rule 5.1.1 because they will involve PX1 entering into a transaction with a Gross Value in excess of 50% of its Average Market Capitalisation.
7. The Revised Commercial Model Agreements has been and will be negotiated on an arm's length basis. All parties are independently advised. The final terms of the Revised Commercial Model Agreements will be approved by the PX1 Board as being in the best interests of PX1 and PX1's shareholders.
8. The waiver would permit PX1 to enter into and perform the Revised Commercial Model Agreements without shareholder approval, and to continue the commercial arrangements between PX1 and McDonald's.

Appendix Two

Rule 5.1 Disposal or Acquisition of Assets

5.1.1 An Issuer must not enter into any transaction, or a related series of transactions, to acquire, sell, lease (whether as lessor or lessee), exchange, or otherwise (except by way of charge) dispose of assets where the transaction or related series of transactions:

- (a) would significantly change, either directly or indirectly, the nature of the Issuer's business; or
- (b) involves a Gross Value above 50% of the Average Market Capitalisation of the Issuer,

unless the transaction, or related series of transactions, is:

- (c) approved by an Ordinary Resolution, or a special resolution if approval by way of special resolution is required under section 129 of the Companies Act 1993, or
- (d) conditional upon such approval required by paragraph (c) above.