21 November 2023

TASK Group 1H24 Results Update
Strong revenue growth and operating profit

- Group revenue of $36.1m, up 36% on 1H23
  - Includes $34.2m of recurring revenue, up 57% on pcp

- Operating profit1 of $3.3m, up 75% on 1H23
  - Positive EBITDA of $0.8m (compared to $0.8m loss on pcp)

- Strong cash position of $31.1 million at period end (1H23: $22.1m

- Plexure division delivering strong results reflecting new McDonald's commercial relationship
  - Revenue of $29m, an increase of 71% on pcp (1H23: $17m)
  - Expanded McDonald's relationship through contracted rollout in Taiwan

- TASK division growing recurring revenue and customer base
  - Recurring revenue up 3% to $5.5 million
  - Hardware Sales and non-recurring revenue of $1.7m, down on 1H23 ($4.2m) due to strategic focus on the TASK digital platform
  - Several customer wins both in Australia and North America
  - Responsible investment in people, new product offerings and capabilities to support long-term growth
  - TASK Pay (payments solution) is now certified in New Zealand; 70% certified in Australia; and with certification underway in the US.

TASK Group Holdings Limited (ASX: TSK) ("TASK" or "The Group") announces its half-year results for the six months ended 30 September 2023 (1H24), delivering strong revenue growth and a solid operating profit while investing to support its growth trajectory.

NZ$'000s	1H24	1H23	Variance (%)
Group revenue	36,093	26,541	+36%
Operating Expenditure	(32,798)	(24,661)	+33%
Operating profit[1]	3,295	1,880	+75%
EBITDA	848	(804)	+206%
NPAT	(2,972)	(4,597)	+35%

[1] Operating profit excludes $2.4 million in non-cash employee share-based payments (1H23: $2.7m)

Refer to the Interim Report for a detailed financial summary including a reconciliation of operating profit and earnings before interest, tax, depreciation, and amortisation (EBITDA) to statutory net loss after tax.

The Group reported revenue for 1H24 of $36.1 million, an increase of 36% on the prior corresponding period as a result of the Company benefitting from the full six months of the new McDonald's commercial relationship (compared to only two months in 1H23).

The Group reported a 75% uplift in operating profit compared to the prior corresponding period to $3.3 million (1H23: $1.9m), excluding $2.4 million in non-cash employee share-based payments (1H23: $2.7m).

Overall, the Group posted a positive EBITDA result of $0.8 million (1H23: -$0.8m), despite ongoing investments in people and capability to support future growth.

The Group posted a net loss after tax of -$3.0 million in 1H24 (1H23 -$4.6m), a 35% improvement upon the prior corresponding period. The net loss includes $3.5m in amortisation for the software asset recognised on the acquisition of the TASK division.

TASK Group CEO Daniel Houden said, *"We're pleased to deliver another half of profitable growth. We made strong progress with the ongoing development and commercialisation of the TASK platform where we are successfully converting more of our customers onto our digital ecosystem."*

"Maintaining profitability while strategically investing in business expansion speaks to our disciplined approach to growing our business. This investment, directed towards building out our people and capabilities to support new product features and services, underscores our commitment to innovation, technology leadership and sustainable growth and we expect it to support future returns in the medium term."

Divisional overview

Recurring revenue was $34.2m, or 95% of Group revenue, including $29.2m in SaaS revenue.

1H24 Revenue (NZ$'000s)	Group	TASK	Plexure
Recurring Revenue	34,181	5,480	28,701
SaaS	*29,197*	*4,441*	*24,756*
Other Software & Services	*4,984*	*1,039*	*3,945*
Non-Recurring Revenue	574	324	250
Hardware	1,338	1,338	-
Total Revenue from customers	36,093	7,142	28,951

The Plexure division reported $29 million in revenue, up 71% on the prior corresponding period, reflecting a full six months of the new McDonald's commercial relationship compared to two months in the first half of FY2023.

The Plexure division revenue is seasonal with McDonald's holiday campaigns driving higher active user numbers and increased engagement on the platform, leading to traditionally higher revenue levels in the second half of the financial year.

The TASK division reported $7.1 million in revenue, including recurring revenue of $5.5 million, which was up on the prior corresponding (1H23: $5.3m). While hardware sales and other non-recurring revenue of $1.7 million were lower versus the prior period, it reflects the Group's strategic focus on directing resources toward converting customers onto the digital platform.

Strategic and operational overview

In the half, the Group has further invested in people, increasing FTE by 35% to 248 people, and increased development capabilities to a total of 155 resources, supporting long-term and sustainable growth, while maintaining cost discipline. This growth has been entirely to support development – with the number of shared services and business support staff largely unchanged.

The Plexure division expanded its relationship with McDonald's through the contracted rollout of Taiwan, a significant Asian market. Plexure continues to work with McDonald's to develop new features including loyalty capabilities and scalability to further support the combined digital growth ambitions of the world's largest quick-service restaurant chain.

The TASK division has attracted new customers in North America and Australia. TASK has addressed the delays in onboarding of new customers through enhanced processes and implementation resources, with the benefits of these improvements expected to flow into 2024.

Furthermore, the TASK division has attracted additional product and development talent and capabilities to support the rollout of the new product offering pipeline, including TASK POS 2.0, the TASK mobile & pay app and the next-generation Enterprise Management tool.

TASK also continued the development of its newly acquired payments solutions, which is now certified in New Zealand. Certification in Australia is 70% complete and the certification process has commenced in the US, providing good visibility for commercialisation to begin throughout FY25.

Daniel Houden, CEO of TASK, stated, *"The Plexure division continues to go from strength to strength as we expand our support of McDonald's in new markets like Taiwan.*

We have built a significant backlog of TASK customers transitioning to the digital platform which will benefit the second half and beyond, increasing customer retention, and growing both recurring revenue and our share of wallet."

"We see large greenfield growth opportunities for TASK across multiple verticals as we expand the number of features our customers use, including in payments which will enable us to capture more value from the sheer volume of transactions our platform is capable of supporting."

Balance sheet and positive cashflow

At 30 September 2023, the Group had a cash position of $31.1 million (31 March 2023: $22.1m).
The Group's net operating cash flow was a positive $7.1 million in 1H24 (1H23: $10.1m).

Investor briefing

TASK will hold an investor briefing to present its half-year results at 9.00am AEST today.

If you would like to join the briefing, please register in advance and join the webcast:

Link for registration and webcast: https://loghic.eventsair.com/tsk-investor-briefing/register/Site/Register

ENDS

Approved for release by the Board of TASK Group Holdings Limited.

TASK.

For more information, visit https://tasksoftware.com or contact:

For investors

Daniel Houden	Glenn Day
CEO	Chief Financial Officer
investor@tasksoftware.com	

For media:

Domestique Consulting

Jon Snowball	Roger Newby
+61 477 946 068	+61 401 278 906

About TASK Group

TASK Group is a leading provider of technology solutions enabling its global hospitality clients to maximise their customer relationships in an increasingly digital world.

TASK's end-to-end cloud-based platform helps clients to improve customer experiences across every transactional touchpoint, including digital customer-facing services, back-of- house and enterprise operations. The Group's ecosystem combines transaction services, personalisation, offer management and BI technology to help clients generate operational efficiencies, drive valuable data insights about their consumer base, activate new promotions and build brand loyalty.