



Plexure Limited

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Plexure Group Limited results to the market announcement

Information required to be disclosed in accordance with Appendix 1 of the NZX Listing Rules:

Reporting Period	12 months to 31 March 2017
Previous Reporting Period	12 months to 31 March 2016

	12 months to 31 March 2017 NZ\$'000s	12 months to 31 March 2016 NZ\$'000s	% change
Revenue from ordinary continuing activities	7,281	6,642	10%
(Loss) from continuing activities after tax attributable to security holders	(6,491)	(6,649)	(2%)
(Loss) attributable to security holders	(6,482)	(6,607)	(2%)

Net tangible assets per security	(0.02) cents	0.02 cents	(175%)
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Dividends	Amount per security	Imputed amount per security	Record date	Dividend payment date
Interim/Final dividend	Nil	Nil	N/A	N/A

No dividends or distributions were made during the period.

There are currently no dividend or distribution reinvestment plans in operation.

Financial information contained in this report is based on financial statements which are in the process of being audited.

Plexure offers a next generation CRM solution that enables retailers to engage with consumers in real-time using connected devices and sensors. It is an enterprise scale solution that improves the customer experience and optimises retail revenues.

During the year ended 31 March 2017, the Company's operating revenues increased by 31% to \$7.0M, reflecting strong growth in the underlying business, particularly from existing customers that are extending their commitment to their use of Plexure's technology. Total revenues for the same period grew 10% to \$7.3M as the go-to-market funding from Microsoft, which has been in place for the last 21 months, comes to an end.

During the last quarter of the year, the Board undertook a review of the Company's operations and started a process of moving the business towards a profitable state as quickly as practicable, while maintaining its sales trajectory.

The strategy involves a focus on solution based business. As a result, the Company will focus on profitable recurring revenue, which is a combination of recurring license revenue and recurring support fees.

License revenue grew by 32% during the period and support revenue grew by 231%. As such, total recurring revenue has grown by 65% for the year.

The review has also had an impact on the cost base. Although total costs increased year-on-year by 3% to \$13.7M, in the second half of the year the Company was able to decrease operating costs by 9%.

Costs decreased in the second half of 2017 with a reduced sales and marketing spend achieved by increasingly leveraging our channel partnerships, including Microsoft, GE Current and Samsung.

The major cost increase came in our hosting and associated IT costs, which increased 59% to \$2.9m. During the financial year, Microsoft increased its Azure hosting fees by 22%, which is Plexure's largest direct cost of sale. The Company will continue to refine the platform to reduce Azure consumption.

The net loss after tax for the year attributable to shareholders of \$6.482M is 2% less than the previous year with losses narrowing in the second half of the year by 22% due to a combination of increased revenue and decreased costs. Further cost reductions are anticipated as the Company focuses on its path to profitability.

The Company will shortly embark upon a further capital raising to meet its working capital needs and will advise the market of details of that raising in the near future.

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Statement of Comprehensive Income

For the Year Ended 31 March 2017

	2017 \$'000	2016 \$'000	
Revenues			
Operating revenue	7,044	5,368	31%
Other income	237	1,274	(81%)
Total revenue & other income	<u>7,281</u>	<u>6,642</u>	10%
Expenses			
Wages & staff costs	(5,350)	(6,018)	(11%)
Contractors	(720)	(408)	77%
Travel costs	(703)	(1,097)	(36%)
Office costs	(504)	(529)	(5%)
Professional costs	(396)	(924)	(57%)
Board fees	(178)	(182)	(2%)
Marketing	(678)	(647)	5%
IT costs	(2,928)	(1,847)	59%
Other expenses	(279)	(196)	43%
Depreciation	(120)	(118)	1%
Amortisation	(1,814)	(1,270)	43%
Operating expenses	<u>(13,671)</u>	<u>(13,235)</u>	3%
Gain on derivative liability	89	0	
Interest expense on convertible note	(69)	0	
Financing expenses	<u>20</u>	<u>0</u>	
Net loss before tax	<u>(6,369)</u>	<u>(6,592)</u>	(3%)
Income tax expense	(122)	(57)	114%
Net loss after tax for the year attributable to the shareholders of the company	<u>(6,491)</u>	<u>(6,649)</u>	(2%)
Other comprehensive income			
Exchange difference on translating foreign operations	<u>9</u>	<u>14</u>	(36%)
Total comprehensive loss for the year attributable to the shareholders of the company	<u>(6,482)</u>	<u>(6,635)</u>	(2%)

Consolidated Statement of Changes in Equity

As at 31 March 2017

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Share Based Payment Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 April 2015	13,179	14	880	(9,163)	4,910
Net loss after tax	-	-	-	(6,649)	6,649
Exchange differences arising on translating foreign operations	-	42	-	-	42
Total comprehensive loss	-	42	-	(6,649)	6,607
<i>Transactions with owners</i>					
Issue of share capital	8,244	-	-	-	8,244
Share based payments	-	-	-	-	-
transfer on exercise	21		21		-
Recognition of share based payments	-		111		111
Share based payments on expired options	-	-	-	-	-
Balance at 31 March 2016	<u>21,444</u>	<u>56</u>	<u>970</u>	<u>(15,812)</u>	<u>6,658</u>
Balance at 1 April 2016	21,444	56	970	(15,812)	6,658
Net loss after tax	-	-	-	(6,491)	(6,491)
Exchange differences arising on translating foreign operations	-	9	-	-	9
Total comprehensive loss	-	9	-	(6,491)	(6,482)
<i>Transactions with owners</i>					
Issue of share capital	3,508	-	-	-	3,508
Share based payments	-	-	-	-	-
transfer on exercise	-	-	-	-	-
Recognition of share based payments	-	-	250	-	250
Share based payments on expired options	-	-	(142)	-	(142)
Balance at 31 March 2017	<u>24,952</u>	<u>65</u>	<u>1,078</u>	<u>(22,303)</u>	<u>3,792</u>

Consolidated Statement of Financial Position

As at 31 March 2017

	31-Mar 2017	31-Mar 2016 \$'000
Asset		
Current assets		
Cash and cash equivalents	615	2,637
Trade and other receivables	1,885	1,073
	<u>2,500</u>	<u>3,710</u>
Less current liabilities		
Trade and other payables	1,570	1,484
Deferred revenue	1,149	551
Income tax payable	82	39
Convertible notes	1,419	0
Derivative liability	161	-
Other liabilities	10	10
	<u>4,391</u>	<u>2,084</u>
Working capital	<u>(1,891)</u>	<u>1,626</u>
Non-current assets		
Property, plant & equipment	220	306
Intangible assets	5,394	4,770
Deferred tax	86	-
	<u>5,700</u>	<u>5,076</u>
Non-current liabilities		
Deferred revenue	-	17
Other liabilities	17	27
	<u>17</u>	<u>44</u>
Total net assets	<u>3,792</u>	<u>6,658</u>
Equity		
Share capital	24,952	21,444
Share based payment reserve	1,078	970
Accumulated losses	(22,303)	(15,812)
Foreign currency translation reserve	65	56
Total equity	<u>3,792</u>	<u>6,658</u>

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 \$'000	2016 \$'000
Operating activities		
<i>Cash was provided from (applied to):</i>		
Receipts from customers	6,819	5,707
Marketing funding received	171	994
Grants received	-	153
Interest received	16	31
Payment to suppliers & employees	(11,511)	(11,357)
Income tax paid	(165)	(54)
Net cash outflow from operating activities	<u>(4,670)</u>	<u>(4,526)</u>
Investing activities		
<i>Cash was provided from (applied to):</i>		
Purchase of property, plant and equipment	(34)	(102)
Capitalised development costs	(2,437)	(2,968)
Net cash outflow from investing activities	<u>(2,471)</u>	<u>(3,070)</u>
Financing activities		
<i>Cash was provided from (applied to):</i>		
Issue of ordinary shares	3,671	8,475
Share capital raising costs	(161)	(231)
Convertible notes issued	1,600	-
Net cash inflow from financing activities	<u>5,110</u>	<u>8,244</u>
Net increase/(decrease) in cash held	(2,031)	648
Add cash and cash equivalents at start of year	2,637	1,946
Effect of foreign exchange rate changes on cash	9	43
Cash at bank at end of year	<u>615</u>	<u>2,637</u>
Comprised of:		
Cash and short term deposits	<u>615</u>	<u>2,637</u>

About Plexure

Plexure offers a next generation CRM solution that enables retailers to engage with consumers in real-time using connected devices and sensors. It is an enterprise scale solution that improves the customer experience and optimises retail revenues.

By personalizing, influencing and enhancing these transactions revenue and margin return is significant. Plexure is unique, because it can gather live data feeds from a vast array of sources.

These sources include IoT devices such as beacons, sensors, RFID, Wi-Fi, Mobile App, POS data, weather, public events or traffic. Plexure observes, analyzes, predicts, influences individual customer behavior and then measures the results.

The Plexure platform can harness machine learning, proximity marketing, real time decisioning, facial and voice recognition to connect customers with brands. These services are delivered using Microsoft's cloud platform, Azure, through a global network of Microsoft data centres. Plexure has offices in San Francisco, Auckland, and Tokyo. Clients include McDonald's, 7-Eleven, Ikea, Heart of the City and Loyalty New Zealand