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Welcome

Plexure released its Annual Report and announced a restructure designed to accelerate the Company's path to profitability on the 30th June 2017. This is a further update for Investors on those plans.

Performance update

41%

OPERATING GROWTH (Q1 FY18 VS Q1 FY17)

-18%

DECREASE IN COSTS (Q1 2017 VS Q1 2018)

FIRST QUARTER EBITDA +VE

Q1 FY18

BASED ON MANAGEMENT ACCOUNTS

When comparing Plexure's Q1 2018 performance to Q1 2017 we have seen revenue grow by over 41% while over the same period costs have decreased by 18%.

This has led to Plexure making a small profit at the EBITDA level for the first quarter, the first time in our history this has been achieved.

Along with further changes a result of the recently announced re-structure, Plexure continues to improve its position and is on track to be cashflow positive by the end of the calendar year.

Convertible note

	CURRENT	PROPOSED
VOLUNTARY CONVERTIBLE PRICE	\$0.28	\$0.12
INTEREST	8%	0%
CONVERSION OPTION DATE	11/2017	03/2019

Plexure currently has \$1.6m convertible notes that attract an interest rate of 8%. These notes are convertible at the option of the holder at a price of 0.28, or are repayable to the note holders. The conversion date is 3 November 2017.

We have begun conversations with noteholders to extend the conversion date until March 2019. In return for the extension the convertible note is being repriced from \$0.28 to \$0.12. At this stage over 70% of the note holders have signed or verbally accepted these terms.

Capital raise

\$1.9M

VIA PRIVATE PLACEMENT

10c

PER SHARE

Plexure is looking to raise a maximum of \$1.9m via share placement at a potential price of 10c. Based on current forecasts, we do not anticipate needing to raise further capital to get us to a cash flow positive position. We already have 50% of the raising committed. The placement is underway with discussions occurring with eligible investors and brokers in New Zealand and Australia.

Performance update

Plexure is now deployed in:

27 countries

15 languages

50m+ users

USD\$1bn
transactions / annum

Plexure achieved operating revenue growth of 31% for the year ended 31 March 2017 and a total revenue growth of 10%. During the second half of last financial year the Board and Management undertook a sales review, resulting in changes in staffing and market approach.

McDonald's

Following its re-structure, McDonald's accelerated its deployment of our technology platform. Deployments have occurred in 11 new markets and by the end of 2017 we expect to have grown to approximately 40. Overall, the growth projected from McDonald's globally is strong but we do expect some revenue churn

as McDonald's markets activate and de-activate features within the Plexure platform to meet specific regional requirements.

We continue to execute our "land and expand" strategy where we scale up business with an existing customer in new geographic markets. This strategy has a faster sales cycle and lower cost of acquisition as we can demonstrate success within an existing customer. The approach has been very successful with McDonald's where we secured their business in the Netherlands, Sweden and Japan and then entered into a global Master Services Agreement with McDonald's Corporation in the US. This means Plexure can be deployed within weeks with rapid on-boarding of each new market.

IKEA & 7-Eleven

After a successful pilot in Europe with IKEA Sweden, Plexure has secured a deployment for the same solution into IKEA in the Kingdom of Saudi Arabia. We are now focusing efforts on scaling IKEA in the same way as we did with McDonald's. Similarly, the success

of the 7-Eleven Fuel Lock app in Australia is catalysing discussions with 7-Eleven markets globally to take the same solution with its proven ROI and capability.

We are also experiencing growing demand for professional services, which is generating new revenue. Larger enterprise clients are increasingly requesting tailored solutions integrated into their existing enterprise architecture, which requires a combination of software and added-value services.

New Business

Plexure is still focused on attracting "net new" clients and has implemented stricter controls around qualifying targets, significantly decreasing the cost of acquisition for new clients.

The current sales pipeline remains strong and further contracts are expected to be finalised in the next few months. This revenue growth, combined with a focus on cost control, will lead to Plexure being cash flow positive on a monthly basis by the end of the calendar year.

Restructure & cost control

During the course of the last financial year the Board has assessed performance and salaries and adjusted them accordingly. As part of the cost saving exercise the executive team have all taken reductions in their total packages to show their support of the business and desire to reach profitability in the near-term.

The restructure announced to the market on the 30th June 2017 will also reduce our people costs. Over the last 12 months, a major focus of our product R&D investment has been on the refinement of our product development and production processes, which include continuous delivery,

automated testing and integration and deployment into the cloud. The completion of this work means we will no longer need the same staff numbers.

The restructure also allows us to build teams around core revenue streams. We have created a professional services team based on the growing demand for our services over and above the provision of our platform. Each of the four operational groups within the company has its own P&L and the focus on these is enabling us to accelerate our move towards profitability.

Another major cost is the Microsoft Azure Platform. We recently

announced to the market that Microsoft had increased its prices by 22%.

The Plexure engineering team continues to monitor Azure usage very closely and has an ongoing technical programme to improve the efficiency of Azure consumption with the aim of reducing spend in this area. We also continue to actively explore more cost-efficient services from cloud hosting providers.

All other expenditure is closely monitored and the company is focussed on reducing costs on an ongoing basis.

Capital raise & convertible note

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Plexure has begun conversations with noteholders to extend the conversion date until March 2019. In return for the extension the

convertible note is being repriced from 0.28 to 0.12. At this stage over 70% of the note holders have signed or verbally accepted these terms.

Those who do not sign by the 14th July 2017 will still retain the option of converting at 0.28 or receiving their money back on 3 November 2017. Final terms need to be agreed before we can begin the capital raise.

Plexure is looking to raise a maximum of \$1.9m via a share placement at a price of 10c. Based on current forecasts, we do not anticipate needing to raise further capital to get us to a cash flow positive position. We already have 50% of the raising committed. The placement is underway with discussions occurring with wholesale investors and brokers in New Zealand and Australia.

Outlook

Plexure continues to attract significant international attention for our end-to-end personalisation and data analytics platform. Our IoT capability is a major point of differentiation from competitors and this capability is now driving interest in Plexure from new market players.

The platform processes massive numbers of transactions across several geographies and we have a strong partnership with Microsoft and new relationships with Current by GE and Samsung that look very promising. While revenue growth in 2016/17 has been slower than we would have preferred, we expect this to accelerate again in the next

twelve months as our penetration of existing customers deepens and new customers are acquired.

We're confident about Plexure's future and in the year ahead will focus on revenue growth, cost reduction and near-term profitability.

NZX Announcements



[Plexure Annual Report](#)

Updates about the company can be found in the investor section of the Plexure website and on the NZX website NZX:PLX. You can also sign up for investor emails at www.plexure.com/investors

Register for updates:
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