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Plexure Group Limited (NZX:PLX) Market Update

Plexure surpasses 100 million users

Plexure is pleased to announce that it now has over 100 million users on its platform. This is a milestone that very few New Zealand technology companies have reached and puts Plexure alongside an elite number of global tech companies in terms of platform users. Plexure's technology is deployed in 47 countries, across different industries and continues to drive revenue for its customers. Plexure has experienced annual usage growth of over 50% in each of the last 3 years and expects this trend to continue.

Financial update

As users have grown, so too has Plexure's revenue. Revenue for the year ended 31 March 2019 is likely to exceed \$16.8m. The revenue growth has been driven by both one-off and recurring revenue, and represents growth of more than 40% over the previous year. The one-off revenue includes consulting and funded development work, which Plexure expects is likely to continue in the future.

As signalled in the 30 September Results Announcement, Plexure has begun to undertake work on its platform to support an increased number of users. This, coupled with investment in its product roadmap, has seen staff numbers increase. As a result staff costs have increased and are likely to be over \$8.2m for the full year compared to comparable costs of \$3.9m in the first six months of FY19.

Part of the work on the platform has been focused on reducing costs. Even with the number of increased users, IT and hosting costs are likely to be \$3m for the year ended 31 March 2019, which is an 8% increase over the previous year.

Taking account of this increase in revenue and costs, it is expected that the full year comprehensive profit will be at a similar level to the half-year announcement at around \$1m, excluding the impact of the convertible note.

Plexure remains cashflow positive with expected cash on hand at the end of the full year to 31 March 2019 to be at least \$1m higher than the \$6.1m reported at 30 September 2018.

Note that all numbers provided in this section are estimates and may differ from the fully audited figures for the year ended 31 March 2019.

Impact of the convertible note

As at the date of this update, convertible note holders have indicated (verbally and in writing) that they will convert to equity rather than take cash. The total amount outstanding is \$1.506m. Holders have until 29 March 2019 to confirm in writing their intentions. If all holders were to convert their notes into shares, the number of shares on offer would increase by 12,546,930 to 125,604,840 (including treasury stock).

The conversion of the note will impact Plexure's profit and loss statement. The exact amount of the impact will not be known until the close of business on 29 March 2019. However, given Plexure's share price has risen since the issuing of the convertible note above the conversion price of 12 cents, there is likely to be an impact on profit and loss. The higher the share price at the time of conversion, the greater the impact. For example, if the convertible note closed today at a share price of 34 cents per share, the impact on profit and loss would be an accounting cost of \$1.756m.

Plexure notes that there is no cash impact on the business and the profit and loss impact is simply related to the accounting treatment. The underlying business remains cashflow positive and profitable.

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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:

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

Brands that use Plexure see 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 100 million end users on its platform in over 47 countries.

Plexure has offices in Auckland, Chicago, Atlanta, Tokyo and Copenhagen. Clients include McDonald's, 7-Eleven, Ikea, and Loyalty New Zealand.