



26 September 2019

Plexure Chairman's Address to Annual Meeting 26 September 2019

I am delighted, once again, to have this opportunity to address shareholders at the Company's Annual Meeting.

Company Background

Plexure is a mobile marketing company. Our offerings are all based on an intelligent technology platform that powers our customers' mobile marketing activities, helping them to create world-class customer engagement.

The platform incorporates Artificial Intelligence (AI) and Machine Learning (ML) features that augment our capabilities in the areas of personalisation, advanced analytics and platform security.

Our product and service capabilities currently cover:

- Next generation loyalty programmes
- Personalised offers
- Analytics and insights
- Mobile order and pay
- App design and development
- Customer data management
- Marketing strategy and CRM consulting
- System integration consulting

Our technology is delivering increases in purchase frequency, average basket value, impulse visits and customer lifetime value, which are all key metrics for our customers.

Financial Performance

The year ended March 2019 has been Plexure's most successful year to date. The Company's trading performance has improved dramatically: without the impact of the convertible note we would have delivered our maiden profit and we are cash flow positive from operating activities for the second successive year. Customer usage is at record levels and accelerating with 30 million new users downloading our apps since year-end. This has driven revenues to a new high of \$16.9m for the year ended 31 March 2019, and at year-end we had \$7.3m in the bank.

Our confidence in the business has been matched by our major customer, McDonald's, who shortly after balance date purchased a 9.9% equity stake in the Company at a premium to the then current market price. This strategic investment by McDonald's will assist Plexure develop its offerings and market presence for McDonald's and other customers.

Our financial results for Financial Year 2019 were very pleasing. Highlights included:

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- Revenue increased by 44% to \$16.9m
- After removing the impact of the convertible note, a Net Profit After Tax (NPAT) of \$0.948m
- Cash at bank and term deposits at 31 March 2019 of \$7.3m (excluding the proceeds of McDonald's post-balance date investment)

This improvement in the Company's trading performance, coupled with the McDonald's investment of \$5.4m, has been well received by the market and, as a consequence, the Company's market capitalisation has increased significantly in the early part of our 2020 financial year.

Opportunities available to the Company are growing and the Board will use its increased cash resources, which totalled approximately \$12.7m immediately post the McDonald's investment, to invest in its sales and marketing capability, product roadmap, technology platform, customer development, and explore potential acquisitions.

Scale

The Company's technology platform is now one of New Zealand's largest cloud-based technology platforms.

We now have approximately 140 million end-users on the platform in 55 countries, a 43% increase in the last 12 months. We are currently delivering about 190 million push messages per month in 78 different languages. API calls per month have now reached a staggering 9.2 billion.

These usage statistics are impressive and demonstrate the robustness of our platform and its capacity to perform at scale.

Our technology roadmap anticipates continuing strong usage growth and this will require ongoing investment in our platform to ensure that we can handle much higher transaction volumes, while also adding new products and services. This platform investment will significantly reduce the "cost to serve" for end-users in the future and is an essential element of our growth strategy as we build capability to support end-user numbers approaching 500 million. The investment will have an impact on our financial results in FY20 and FY21 and consume some part of our available cash reserves.

Business Strategy

The Company's goal is to be a world leader in the mobile application software sector and the investment by McDonald's is a solid validation that we are well on the way to achieving this goal.

Since the refresh of our management team, which started two years ago, we have focused our attention on profitable growth and have achieved a major transformation in the Company's financial performance. This has been accomplished through a combination of improved management of existing customers, new business development, operating cost containment and driving value from the existing technology platform.

We have now reached the next stage in our strategy evolution and in the year ahead will expand the business further. We anticipate deepening our relationship with McDonald's, which will see us offering additional products and services to them in currently served and new markets. Our new business pipeline has also grown significantly in recent months and we look forward to securing new customers in a variety of categories in FY20. As most of these are in the US, we will be increasing our presence in that market in the coming months in order to close as many deals as possible.

We note that a number of our key competitors are also expanding rapidly, in particular investing heavily in the acquisition of new customers and broader product sets. We cannot afford to be left behind and must, therefore, do the same thing.

Given the cash resources the Company now has available, the Board may also consider acquisitions to accelerate its organic growth strategy, secure new technologies or source pools of talent.

Management and Employees

Under our CEO Craig Herbison's leadership, we have strengthened our management team and they have responded in an outstanding fashion to the challenges of the business transformation, delivering a result the Board is proud of.

We aim to pay management fairly and their remuneration includes short-term cash incentives and long-term equity linked incentives. The skills we require are sought after globally and the Board has been careful to design reward structures that are aligned with long-term shareholder wealth creation.

Plexure has a very diverse employee base with a blend of gender, nationalities, ethnicities and religion, which creates a rich and vibrant culture within the business. We now employ approximately 100 people, 20 of whom are female – an increase from 3 a couple of years ago. The senior leadership team now includes 2 women. While women still remain under-represented in all areas of the Company, the Board remains committed to addressing, to the extent it can, this gender imbalance.

In June this year, the Company re-located its headquarters to a larger facility in Nelson Street in Auckland. Not only will this accommodate our increasing personnel numbers but it has also provided a pleasant, modern work environment that all staff are enjoying.

Governance

During the year, there were a number of changes to the composition of the Board. Scott Bradley, the Company's founder, resigned in May 2018 and in August 2018, Tim Cook also resigned. We thank them both for their valuable service.

In June 2018, Craig Herbison was appointed to the Board to replace Scott Bradley and in early April 2019 following year-end, Robert Bell was appointed as a replacement for Tim Cook. Robert, a Chartered Accountant, is an experienced businessman and director with a background in finance, sales and operations. He has been appointed Chair of the Audit and Risk Management Committee.

In July 2019, we appointed Jack Matthews as a new Director. Jack has broad governance and senior management experience across the technology and media sectors and has worked in New Zealand, Australia, Japan and the US. He has a strong sales and marketing background with specific expertise in business development, strategic planning, organisational development and mergers and acquisitions.

Jack's substantial governance experience includes the current chairmanship of MediaWorks, the owner of THREE and New Zealand's largest radio network, and a non-executive director role at Chorus, New Zealand's leading provider of Internet infrastructure services. Jack has been appointed to the Company's Remuneration Committee.

The Board is very active and engaged in oversight of the Company and its strategy. Among the Directors, there is a strong combination of industry expertise, operations, finance, technology development, international business development, strategy formulation and governance experience.

The Board will continue its practice of periodically reviewing its composition to ensure the appropriate blend of skills, experience and diversity is available to guide the Company as it expands internationally in a complex and competitive market.

The resolution for an increase in the fee cap for Non-Executive Directors that will be placed before shareholders later in this meeting will provide headroom for the recruitment of an overseas Director at some point in the future, while also recognising that current fees have not been adjusted for seven years.

Guidance

The Board is pleased with the Company's continuing strong sales performance and has decided that it would be helpful to provide revenue guidance for the year ending 31 March 2020.

Accordingly, the Company is now providing revenue guidance for FY20 in a range from \$21.0m to \$23.0m. By comparison with the FY19 revenues of \$16.9m, this represents a 24.3% uplift at the lower end of the range and a 36.1% uplift at the upper end of the range.

The Company will not be providing EBIT guidance as the impact our expansion plans and platform investment will have on our financial results cannot be accurately assessed at this juncture.



Conclusion

In concluding and before handing over to Craig, I would like to acknowledge the enormous effort made by our staff over the last year. We are a small company and without them we would not have the world-class technology platform we do, nor would we be able to operate globally. I should also acknowledge the work undertaken by my fellow Directors, whose wise counsel is always valued.

I would also like to say how much we appreciate the support of our loyal shareholders. The Board continues to be very optimistic about the prospects for the Company and feels confident that its growth strategy will deliver very positive results for FY20 and beyond.

ENDS

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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 the following key capabilities:

- Next generation loyalty programmes
- Personalised offers
- Analytics and insights
- Mobile order and pay
- App design and development
- Marketing strategy and CRM consulting
- System integration consulting

Brands that use Plexure experience 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 approximately 140 million end-users on its platform in over 55 countries.

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