Annual Report 2020

Changing the face of customer engagement

Plexure is a leading provider of customer engagement solutions. We harness the power of data to create magical moments between brands and consumers.

Plexure works with some of the world's largest brands, including McDonald's, White Castle, 7-Eleven, Super Indo and Loyalty NZ.

Founded in 2010 and listed on the New Zealand Stock Exchange (NZX:PLX), Plexure has offices in Chicago, Atlanta, New York, Tokyo, Copenhagen, London and Auckland.

At of 31 March 2020, Plexure employs 139 staff, 80+ of which are developers.

FY20 Financial Highlights

$25.5m
TOTAL REVENUE
+51%*

$25.3m
REVENUE FROM CONTRACTS WITH CUSTOMERS
+50%

$14.2m
CASH AT BANK
+96%

182.7m
USERS ON THE PLATFORM
+72.7m users

$1M
NET PROFIT AFTER TAX
+243%

60
ACTIVE COUNTRIES
+11 countries

*from 2019

Contents

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Chairman's Review

Overview

The financial year ended 31 March 2020 was a very successful year for the Company. Customer usage is at record levels with 182.7 million users on our app at year-end. This has driven revenues to a new high of $25.503m and we recorded a net profit of $1.007m. At 31 March 2020, we had $14.219m in the bank. This trading result is our best to date and continues the strong forward momentum the Company has achieved in the last three years.

During the year, we also signed two major new customers - White Castle, a well-known US burger chain, confirming the attractiveness of our proposition for the Quick Service Restaurant (QSR) sector, and Super Indo, an Indonesian supermarket operator that is 51% owned by Ahold Delhaize, a European multi-national grocery organisation. Super Indo is our first customer in the grocery sector and demonstrates the relevance and strength of our personalised, mobile-focused customer engagement offering to consumers in this high-growth category.

In April 2019, McDonald's purchased a 9.9% equity stake in the Company and on the back of that investment, our relationship with McDonald's has continued to strengthen throughout FY20. We now work with McDonald's in 60 markets worldwide and continue to broaden the scope of our offerings for them, including enhanced AI-based data analytics.

Like every business organisation, we are closely monitoring the impact of COVID-19 on the Company's operations. To date, the impact has been minimal and we have been able to maintain and grow our personnel numbers as we continue to focus on existing opportunities as well as new opportunities arising out of the pandemic. In the current COVID-19 environment and the post COVID-19 environment we anticipate, personalised, mobile-focused customer engagement and data analytics solutions such as those offered by Plexure will be highly sought after and we will continue to adapt our products and services to remain responsive to newly emerging market needs.

Financial Performance

Our financial results for FY20 reflected the Company's continuing strong progress. Highlights included:

- Revenue from contracts with customers of $25.251m, up 50% or $8.423m from FY19.
- A net profit of $1.007m, up 243% from the FY19 loss of $0.703m.
- The Company had $14.219m of cash on hand at balance date and was cashflow positive from operating activities for the third successive year.

The Company's revenue from contracts with customers of $25.251m does not directly correlate to our user numbers. This is because over 87% of the Company's revenue from contracts with customers is linked to contracts that were signed in 2014 with pricing mainly based on store numbers. Only a small percentage of FY20 revenue from contracts with customers is linked to consumer usage. In 2019, this pricing model was changed with new customer contracts being based on digital adoption, which will mean that as consumer usage grows so too will the Company's revenue from contracts with customers.

Our healthy cash resources will allow the Company to comfortably fund its organic growth plans, which include new products, improved technology and a greater presence around the world to enable sales.

Scale

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

We now have over 182.7 million end-users on the platform in 60 countries. We are currently delivering approximately 5.6 million push messages per month in 78 different languages. API calls per month have now reached a staggering 23.5 billion. These usage statistics demonstrate the robustness of our platform and its ability 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 FY21 and consume some part of our available cash reserves.

Business Strategy

The Company's goal is to be a world leader in the delivery of highly personalised mobile engagement experiences that drive sales 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 have developed a range of new products including AI-enabled fraud detection, offer engagement, price optimisation and advanced analytics tools, and anticipate launching more innovative AI-driven capabilities in the coming months.

The Company has spent considerable time undertaking competitor and market analysis. The global mobile marketing sector is growing rapidly year-on-year and was estimated to be worth over US$53b in 2018 and will grow at a CAGR of 23% from 2019 to 2025. Plexure is positioning itself in the market to capture this growth and in FY21 will be investing some of its cash reserves enhancing the Company's sales, marketing, consulting, product development and platform capability to drive this outcome.

If these FY21 growth objectives can be accelerated by the acquisition of other businesses with complementary product sets, the Company may also consider M&A activity and may raise additional capital to do this. Planning for such a capital raising includes an assessment of the potential for the Company to undertake a dual listing onto the ASX.

Management and Employees

Under our CEO Craig Herbison's leadership, we have continued to strengthen our management team and will continue to do so to support the Company's growth.

In the first half of the year Tessa O'Rorke joined the management team as Chief Customer Officer (CCO). Tessa was previously employed at Westpac New Zealand where she was Head of Customer Experience and Design. Tessa brings with her more than 15 years' experience building and leading customer teams.

With the appointment of Tessa, Richard Fraser moved from CCO into the newly established role of Chief Product Officer (CPO) to support the Company's growth and refreshed strategic vision. The role is focused on driving innovation through the product roadmap.

In February 2020, Andrew Flavell joined the Company from Nike US as our new CTO. Andrew is a strong technical leader with extensive overseas experience. He was previously VP of Architecture and VP of the Nike+ Brand. Andrew also spent 14 years at Microsoft and holds a PhD degree from the University of Tokushima.

Our overall staff numbers have grown from 69 to 139 and continue to grow. We have seen growth in all areas of the business but the majority of the growth in people is within our engineering group. With this growth, we have expanded the Company's diverse employee base with a blend of gender, nationalities, ethnicities and religions, which creates a rich and vibrant culture within the business.

Women remain under-represented in all areas of the Company and the Board remains committed to addressing, to the extent it can, this gender imbalance.

Governance

In early April 2019, Robert Bell was appointed to the Board. Robert, a Chartered Accountant, is an experienced businessman and director with a background in finance, technology, sales and operations and has worked in New Zealand, the UK and the US. He has been appointed Chair of the Audit and Risk Management Committee.

In July 2019, Jack Matthews was appointed to the Board. 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 has been appointed to the Company's Remuneration Committee.

Outlook

With our increased sales and marketing activity in the US, our pipeline of prospective customers has grown significantly, however, we expect that in the near-term sales conversion may take longer in a COVID-19 world. In the medium to longer term, Plexure will emerge from the pandemic stronger than ever as existing and new customers increasingly embrace customer engagement strategies based on mobile technologies.

The Board remains very confident about the prospects for the business and our leadership team and talented staff are continuing to work extremely hard to meet our current customers' expectations, secure new customers, build innovative new products and refine our technology platform to prepare for the growth we anticipate.

I would like to thank all shareholders for your continued support. Your confidence in the business is appreciated and the Board, leadership group and our committed team of people that deliver our products and services all look forward to making the Company the global market leader in mobile customer engagement.

Phil Norman

Phil Norman, Chairman

CEO's Review

FY20 was again an excellent year for Plexure as the Company grew from strength to strength. I have been CEO approaching three years, and the transformation of the business has been very pleasing to watch. In FY19, the Company reported revenue from contracts with customers of $16.828m and reported a net loss after tax of $0.703m. This compares to the current year's result of revenue from contracts with customers of $25.251m and a net profit of $1.007m. Not only has the financial performance of the Company improved significantly but we also had cash of $14.219m in the bank at year-end, enabling the business to self-fund growth in the upcoming year, which is significant in the current environment. Commercially the business has never been in better shape.

As discussed last year, McDonald's, gave us the ultimate vote of confidence, taking a 9.9% equity stake in the business in early April 2019, and we saw our reach extend to 60 countries worldwide.

During the year, we signed two new customers, White Castle in the US and Super Indo in Indonesia (which is majority owned by Ahold Delhaize, one of the world's largest grocery groups). Super Indo presents an excellent opportunity as Plexure's first grocery customer, and we see this sector as a major area of growth for the Company in the future.

Our three-horizon transformation strategy is well into its third phase of 'Execute for Growth' having delivered on the first two horizons of 'Stabilise for Growth' in late FY18 and 'Build Foundations for Growth' in the first half of FY19. A significant part of our 'Execute for Growth' phase is ensuring we have the right people in the right place. We have seen significant growth in staff numbers in our engineering team and we continue to grow our marketing and sales capability. We now have 139 staff and will continue to grow this number to achieve our outcomes. As our business grows so does our ability to attract top talent as recently demonstrated by Andrew Flavell joining us as CTO from his VP of Architecture role at Nike in the US.

With our transformation in full swing we have invested in the product roadmap and enhancements to our proposition to support ongoing growth and updated market positioning. The Company added new points earn and burn capability to our loyalty product and deployed this in four markets. We also built an advanced analytics and visualisation tool in Analytics Studio incorporating our Artificial Intelligence (AI) capabilities and established a state-of-the-art security practice.

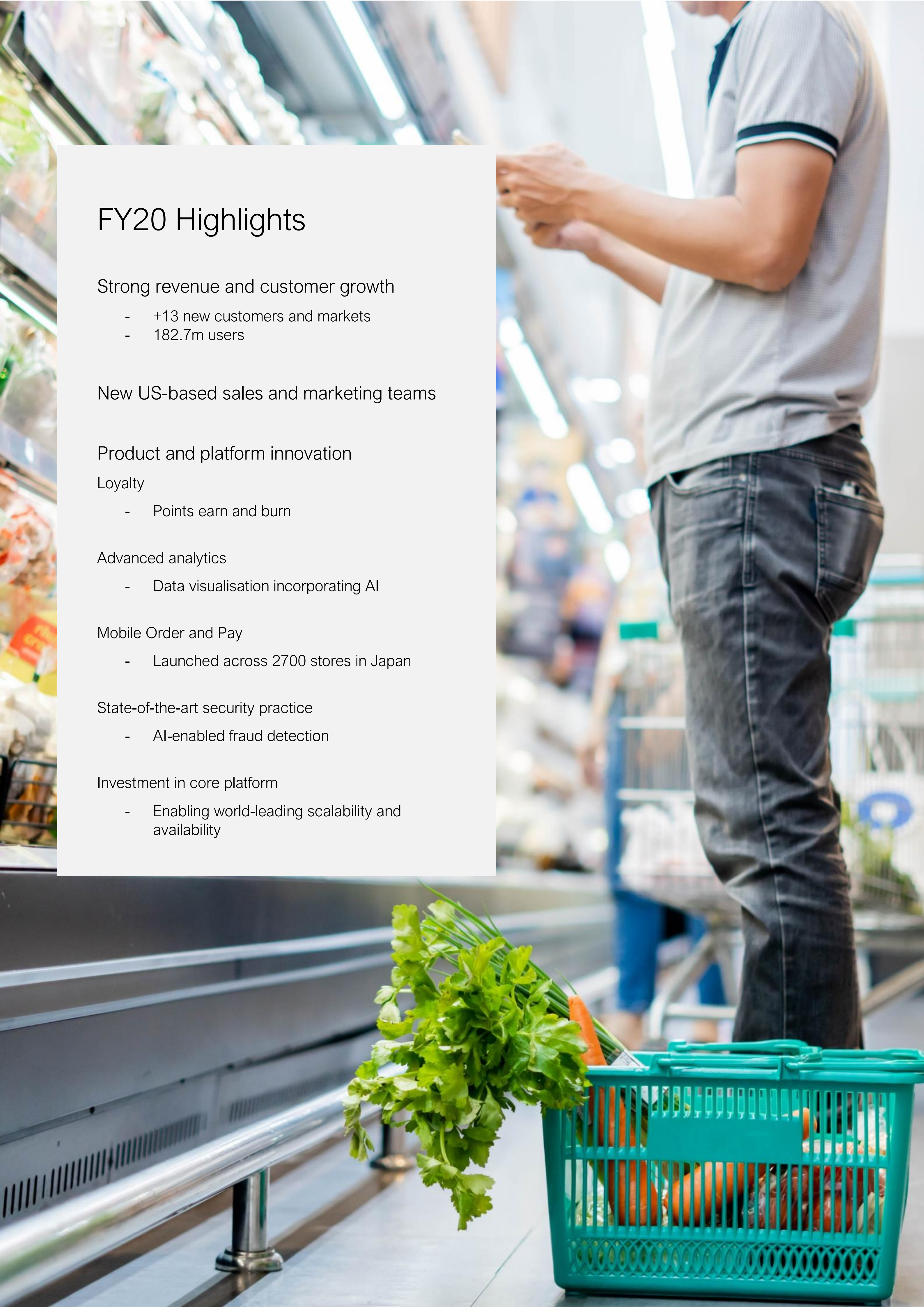
We enhanced our regulatory data protection capabilities for customers in Europe compliant with the General Data Protection Regulations (GDPR) and deployed a significant enhancement to our Mobile Order and Pay proposition in Japan. This is an especially critical development in COVID-19 times. The business is rapidly maturing its proposition and market saliency.

A significant investment in Plexure's future has seen an increased spend on the platform's core technology to enable world-leading scalability and availability.

Our customer focus sees us build solutions in concert with our customers and align tightly on transformation of their digital customer experiences. This drives new and improving revenue streams for them - all enabled by Plexure people and technology. In FY21 we will continue the strong momentum in our core business, deploying our cash reserves to enhance our proposition and serve our customers exceptionally.

I would like to thank the Board and our shareholders for their continued support, without whose confidence in the business our transformation and new momentum would not have been possible.

Craig Herbison, CEO



FY20 Highlights

Strong revenue and customer growth

- +13 new customers and markets
- 182.7m users

New US-based sales and marketing teams

Product and platform innovation

Loyalty

- Points earn and burn

Advanced analytics

- Data visualisation incorporating AI

Mobile Order and Pay

- Launched across 2700 stores in Japan

State-of-the-art security practice

- AI-enabled fraud detection

Investment in core platform

- Enabling world-leading scalability and availability

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Financial Commentary

Key achievements

- Revenue from contracts with customers of $25.251m, up 50% or $8.423m from FY19.
- A net profit of $1.007m, up 243% from the FY19 loss of $0.703m.
- The Company had $14.219m of cash on hand (including term deposits) at balance date and was cashflow positive from operating activities for the third successive year

	2020 $'000s	2019 $'000s	Change $'000s	Change %
Total revenue	25,503	16,891	8,612	51
Revenue from contracts with customers	25,251	16,828	8,423	50
Net profit/(loss) after tax	1,007	(703)	1,710	243
Cash at bank (including term deposits)	14,219	7,250	6,969	96
Staff (FTE's and contractors)	139	69	70	101

The year ended 31 March 2020 saw the Company continue to build on the financial platform laid down in the previous three years. Revenue continued to grow and along with this the associated platform costs also increased. The Board and the Management team made the decision to increase headcount for sales growth and platform development, which is the other driver of cost growth, however these decisions were made in the context of the business remaining cashflow positive.

The Company's revenue from contracts with customers grew 50% to $25.251m compared to the previous year ($16.828m). Recurring revenue (representing licence and support fees) increased by $6.990m or 67% to $17.423m, while non-recurring revenue increased by $1.433m, or 22% to $7.828m. Non-recurring revenue represents funded development, one-off projects for clients, and consulting work. There has been a consistent pipeline of non-recurring revenue for the past several years and this will continue for the foreseeable future.

Our cost base has increased by 54% to $24.288m compared to the previous year ($15.799m), as we have invested in platform development and staff. Of the $8.489m increase in costs, wage and staff costs contributed $4.823m and platform and IT costs have contributed $3.305m.

Increased users and revenue have driven growth in platform costs from $2.764m to $5.123m. During the year we also incurred some dual running costs as we moved parts of our platform between cloud providers. Hosting costs continue to remain a focus and we now have teams looking at re-architecting and modernising our platform to ensure that costs per user decrease.

Support and other maintenance costs, which form part of our IT costs, have increased by 385% to 1.247m. This is associated with the increase in customer volumes, which drives increases in third party software expenses, along with the increase in staff numbers.

Total staff headcount has increased by 101% from 69 to 139 and the associated wage and salary costs have increased by $4.823m to $11.144m. The vast majority of this growth has been in our engineering teams and we continue to employ further staff. Costs associated with staff like travel have also increased.

Other gains/(losses) show a gain of $0.420m compared to a loss of $0.448m for the year ended March 2019. This is due to foreign exchange gains of $0.803m. The majority of revenue is either denominated in Japanese Yen or United States dollars while our cost base is mainly New Zealand denominated. The weakening NZ dollar increased over the last two months of the year and timing of payments from customers generated this foreign exchange gain.

Net profit after tax for the period attributable to shareholders increased by $1.701m to $1.007m.

Cash on Hand

Plexure continued to be cash flow positive with cash from operating activities being positive for the third successive year. The Company finished the year with cash and term deposits of $14.219m, an increase of 44%, or $6.339m over the previous year. This includes $5.4m received from McDonald's.

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Financial Statements

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly the financial position of the group as at 31 March 2020 and the results of its operations and cashflows for the year ended on that date.

The Directors consider the financial statements of the group have been prepared using accounting policies that have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept, which enable with reasonable accuracy the determination of the financial position of the group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board by:

Phil Norman
Chairman

Dated: 19 May 2020

Robert Bell
Director

Dated: 19 May 2020

Deloitte.

Independent Auditor’s Report

To the Shareholders of Plexure Group Limited

Opinion

We have audited the consolidated financial statements of Plexure Group Limited and its subsidiaries (the ‘Group’), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 15 to 41, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (‘NZ IFRS’) and International Financial Reporting Standards (‘IFRS’).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (‘ISAs’) and International Standards on Auditing (New Zealand) (‘ISAs (NZ)’). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the ‘quantitative’ materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the ‘qualitative’ materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $400,000 (2019: $325,000).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition (Note 2(c), 2 (e) and Note 3) The Group's primary revenue from customers arises from licensing and professional services, and totalled \$25.25m (2019: \$16.83m) for the year to 31 March 2020. Deferred revenue totalled \$5.94m (2019: \$3.89m) at 31 March 2020. The service agreements contain multiple elements such as license revenue, consulting revenue and other revenue. The revenue recognition for each of these different elements differ based on when the relevant service has been delivered to the customer and is normally after the revenue has been billed. This requires the Group to identify the value of the individual services being provided in the service agreements and allocate the revenue received across those services into the correct period to which the services relates (in accordance with NZ IFRS 15 *Revenue from contracts with customers* ('NZ IFRS 15')). We have included the recognition of revenue as a key audit matter due to the significance of revenue to the measurement of the performance of the Group and the judgement made in determining in which period the services are delivered.	As part of our audit, for a sample of contracts, we: • assessed the salient contractual terms in the service agreements for conditions that impact the timing of revenue recognition in line with NZ IFRS 15 and in turn the completeness of deferred revenue; • evaluated the Group's allocation of revenue to the various services provided under the contract; • compared the period over which revenue is recognised against the contractual terms; and • reperformed the calculation for deferred revenue at balance date based on the contract price, payments made to date and the period in which the services being delivered under the contract are provided.

Intangible Assets – Internally Developed Software (Note 2(c), 2(i) and Note 15)
 	
As a software as a service provider the Group incurs significant expenditure in developing, maintaining and upgrading software.
 	
The Group has to exercise judgement in determining which costs associated with the software expenditure meet the criteria for capitalisation (as described in Note 2(c)) including whether the software will generate probable future economic benefits and be subsequently amortised under NZ IAS 38 Intangible Assets ('NZ IAS 38') rather than being expensed as incurred.
 	
Intangible assets relating to software had a carrying value of \$4.10m (2019: \$3.26m) at 31 March 2020, and there were additions of \$2.59m (2018: \$0.63m) for the year then ended.
 	
We have included internally developed software as a key audit matter due to the judgment involved in the assessment of the capitalisation criteria, the assessment of whether the software will generate probable future economic benefits and the assessment of potential indicators of impairment.
	As part of our audit we:
	
	• assessed the Group's policy for determining whether software costs should be capitalised or expensed against the relevant accounting standards and performed a walkthrough to confirm our understanding of the Group's policy;
	
	• selected a sample of the additions to internally developed software during the year and evaluated whether these additions were appropriately capitalised by:
	    ○ comparing the selected samples to relevant supporting documentation (such as supplier invoices, and employee records)
	    ○ evaluating whether the capitalisation of software meets the recognition criteria of the relevant accounting standards and Group's policy; and
	
	• challenged the Group's assessment that the costs capitalised will generate future economic benefits and challenged the Group's assessment of indicators of impairment.

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Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Jason Stachurski, Partner
for Deloitte Limited
Auckland, New Zealand
19 May 2020

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Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 $'000	2019 $'000
Revenues			
Revenue from contracts with customers	3	25,251	16,828
Other income	4	252	63
Total revenue and other income		25,503	16,891
Expenses			
Wages and staff costs	5	(11,144)	(6,321)
Contractors		(1,672)	(1,813)
Travel costs		(1,202)	(581)
Office costs		(526)	(514)
Professional costs	6	(813)	(606)
Board fees		(295)	(166)
Marketing		(337)	(300)
IT costs	7	(6,473)	(3,168)
Other gains/(losses)	8	420	(448)
Depreciation	14	(432)	(108)
Amortisation	15	(1,745)	(1,774)
Operating expenses		(24,219)	(15,799)
Interest expenses on lease liabilities	22	(69)	-
Loss on derivative liability		-	(1,477)
Interest and other expense on derivatives		-	(174)
Financing expenses		(69)	(1,651)
Net profit / (loss) before tax		1,215	(559)
Income tax expense	9(a)	(208)	(144)
Net profit / (loss) after tax for the year attributable to the shareholders of the company		**1,007**	**(703)**
Other comprehensive income			
Exchange difference on translating foreign operations	18(c)	112	18
Total comprehensive profit / (loss) for the year attributable to the shareholders of the company		1,119	(685)
Earnings per share			
Basic earnings/(loss) per share (cents)	19	0.72	(0.62)
Diluted earnings/(loss) per share (cents)	19	0.69	(0.59)

Calculated on a weighted average basis of the number of shares on issue.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

For the year ended March 2020

	Notes	Share capital and treasury stock $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 April 2018		26,820	114	301	(23,139)	4,096
Net loss after tax	20	-	-	-	(703)	(703)
Exchange differences arising on translating foreign operations	18(c)	-	18	-	-	18
Total comprehensive loss		-	18	-	(703)	(685)
Transactions with owners						
Conversion of Convertible note	18(a)	4,481	-	-	-	4,481
Share buyback	18(a)	(21)	-	-	-	(21)
Shares issued way of exercising of share options	18(a)	8	-	(1)	-	7
Recognition of share based payments	18(b)	-	-	240	-	240
Share based payments on options vested but not exercised	18(b)	-	-	(125)	125	-
Balance at 31 March 2019		31,288	132	415	(23,717)	8,118
Balance at 1 April 2019		31,288	132	415	(23,717)	8,118
Net profit after tax	20	-	-	-	1,007	1,007
Exchange differences arising on translating foreign operations	18(c)	-	112	-	-	112
Total comprehensive profit		-	112	-	1,007	1,119
Transactions with owners						
Shares Issued	18(a)	5,387	-	-	-	5,387
Shares issued way of exercising of share options	18(a)	141	-	(27)	-	114
Recognition of share based payments	18(b)	-	-	256	-	256
Share based payments on options vested but not exercised	18(b)	-	-	(20)	20	-
Balance at 31 March 2020		36,816	244	624	(22,690)	14,994

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 $'000	2019 $'000
Asset			
Current assets			
Cash and cash equivalents	10	11,205	1,179
Term deposits	11	3,014	6,071
Income tax receivable	9(b)	22	14
Trade and other receivables	12	5,184	2,635
		19,425	9,899
Less current liabilities			
Trade and other payables	16	2,822	1,344
Deferred revenue	17	5,942	3,888
Lease liabilities	22	369	-
		9,133	5,232
Working capital		10,292	4,667
Non-current assets			
Property, plant & equipment	14	2,512	196
Intangible assets	15	4,099	3,255
		6,611	3,451
Non-current liabilities			
Lease liabilities	22	1,909	-
		1,909	-
Total net assets		14,994	8,118
Equity			
Share capital and treasury stock	18(a)	36,816	31,288
Foreign currency translation reserve	18(c)	244	132
Share based payment reserve	18(b)	624	415
Accumulated losses	20	(22,690)	(23,717)
Total equity		14,994	8,118

Signed on behalf of the Board by:

Phil Norman
Chairman

Dated: 19 May 2020

Robert Bell
Director

Dated: 19 May 2020

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 $'000	2019 $'000
Operating activities			
Cash was provided from (applied to):			
Receipts from customers		25,220	17,065
Interest received		238	63
Payment to suppliers and employees		(20,756)	(13,034)
Income tax paid		(216)	(195)
Net cash inflow from operating activities	25	4,486	3,899
Investing activities			
Cash was provided from (applied to):			
Term deposit proceeds/(investment)		3,056	(6,071)
Purchase of property, plant and equipment		(479)	(117)
Capitalised development costs	15	(2,589)	(628)
Net cash outflow from investing activities		(12)	(6,816)
Financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares	18	5,528	8
Repayment of lease liability		(58)	-
Interest paid		(1)	-
Share buyback	18	-	(21)
Net cash inflow/(outflow) from financing activities		5,469	(13)
Net increase/(decrease) in cash held		9,943	(2,930)
Add cash and cash equivalents at start of year		1,179	4,097
Effect of foreign exchange rate changes on cash		83	12
Cash at bank at end of year	10	11,205	1,179
Comprised of:			
Cash and short-term deposits	10	11,205	1,179

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The consolidated financial statements of Plexure Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 19 May 2020.

Plexure Group Limited ("the Company") is a limited company incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and whose shares are publicly traded on the New Zealand Stock Exchange [NZX:PLX]. The registered office is located at Level 2, 1 Nelson Street, Auckland, New Zealand.

The principal activity of the Company is the development and deployment of cloud-based Customer Relationship Management (or CRM) solution that enables retailers to engage with consumers in real time using connected devices and sensors. The principal activities of subsidiaries are disclosed in Note 13.

Statement of Compliance

The consolidated financial statements of the Group comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for profit-oriented entities.

The consolidated financial statements comply with International Financial Reporting Standards ("IFRS").

Plexure Group Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and these financial statements comply with that Act.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The consolidated financial statements have been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest ($000), except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

(b) Critical Judgements in Applying Accounting Policies

In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Key Sources of Estimation Uncertainty and Key Judgements

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Key Sources of Estimation Uncertainty and key judgements include:

- The Group assesses each revenue contract to ensure that revenue is recognised by making estimates and assumptions, for the contracts Plexure has in place with its customers in identifying performance obligations. Refer to Note 2(e).
- Determining whether the intangible assets to which the development expenditure relates meet the criteria for capitalisation and if there are any indicators of impairment. Refer to Note 2(i).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be measurable under the circumstances.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred and included in operating expenses.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(e) Revenue from contracts with customers and deferred revenue

The Group derives revenue from the provision of software licenses, consulting services and other revenue. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation, in the contract, has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
SaaS and Hosting fees (relates to license revenue in Note 3)	Mobile engagement platform licensing and support.	Determining the distinct performance obligations and whether items are required to be bundled to form a distinct performance obligation.	Providing a software license is a distinct performance obligation and is not required to be bundled with other performance obligations except setup and deployment fees where applicable.	Over time Platform access is recognised over time on the input of service period basis as benefits are simultaneously received and consumed.
Setup and Deployment fees (relates to license revenue in Note 3)	SaaS platform setup and CRM implementation for customers.	Determining whether the services provided are a distinct performance obligation.	The services are a part of SaaS and hosting performance obligation and should be bundled as such.	As above
Professional services (consulting revenue in Note 3)	Value-add services, and tailored software development and/or enhancement.	Determining whether the services provided are a distinct performance obligation.	The services are a distinct performance obligation as they are not highly dependent or interrelated to other performance obligations in the contract.	Over time/Point in time Recognised when the service is complete or on a stage of completion input basis based on the hours required to finalise the project.
Expense reimbursement (relates to other revenue in Note 3)	Compensation for client related travel	No major judgement required, other than confirming the period of client travel and aligning costs to revenue recognised.	N/A	Point in time Recognised at the point in time when the client related travel has occurred.

Deferred customer revenue relates to income invoiced to customers in advance during a financial period, part of which will be recognised in the statement of comprehensive income in the subsequent financial period. All deferred revenue is classified as current liability.

(f) Taxation

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(g) Foreign Currencies

The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

(g) Foreign Currencies (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into New Zealand Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(h) Property, Plant and Equipment

All items of Property, Plant and Equipment are stated at cost less accumulated depreciation, and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis, so as to write off the net cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation:

Category	*Estimated useful life*
Fixtures & Fittings	2-14 years
Plant & Equipment	3 years
Right of use asset	6 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(i) Intangible Assets

Capitalised Software Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Based on the financial performance of the intangible assets the Group did not identify any impairment indicators for the year ended 31 March 2020.

The useful life of internally-generated intangible assets is as follows:

Category	*Estimated Useful Life*
Core Platform	5 years
Mobile Apps	2 years

(j) Impairment of Non-Financial Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, demand deposits, and other short-term highly liquid investments (original maturity of less than three months) that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) Term deposits

Term deposits are investments with an original maturity exceeding three months. Deposits with the original maturity between three and twelve months are classified as current term deposits.

(m) Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 18. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in equity, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

(n) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(o) Accounts Receivable

Accounts receivable are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Plexure Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and other receivables.

To measure expected credit losses, trade and other receivables have been grouped and reviewed on the basis of the number of days past due. The expected credit loss allowance has been calculated by considering the impact of the following characteristics:

- The country, customer and market characteristics consider the relative risk related to the country and region within which the customer resides and makes an assessment of the financial strength of the customer and the market position.
- The baseline characteristic considers the age of each invoice and applies an increasing expected credit loss estimate as the trade receivable ages.

(p) Accounts Payable

Accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(q) Employee Benefits

Provision is made for benefits accruing to employees in respects of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(r) Consolidated Statement of Cash Flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdrafts.

The consolidated statement of cash flows is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definition of terms used in the consolidated statement of cash flows:

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity.

(s) Treasury Stock

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(t) Adoption of New Revised Standards and Interpretations

The Group adopted mandatory new standards and interpretations.

Adoption of the new and amended standards where there has been a material impact on the financial statements is disclosed below:

NZ IFRS 16. Leases

NZ IFRS 16 is effective for reporting period beginning on or after 1 January 2019. The Group applied NZ IFRS 16 from 1 April 2019. The standard introduces new requirements with respect to lease accounting. It presents significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

(t) Adoption of New Revised Standards and Interpretations (continued)

The impact of the adoption of NZ IFRS 16 on the Group's consolidated financial statements is described below.

Impact on Lessee Accounting
NZ IFRS 16 changes how the Group accounts for leases, previously classified as operating leases under NZ IAS 17, which were off-balance-sheet.

Applying NZ IFRS 16, for all leases the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of comprehensive Income;
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows; and
- recognises short-term and low value leases in the Consolidated Statement of Comprehensive Income as office costs.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under NZ IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under NZ IFRS 16, right-of-use assets are tested for impairment in accordance with NZ IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Recognition and measurement of Plexure Group's leasing activities
Plexure Group has adopted NZ IFRS 16 using the modified retrospective transition approach. Under this approach, the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to opening retained earnings. Since all leases of the Group as at 1 April 2019 were short-term, there was no need to adjust opening retained earnings as they are treated as operating leases and no lease liabilities needed to be recognised at the date of transition.

In applying NZ IFRS 16 for the first time, Plexure Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to leases with reasonably similar characteristics;
- use of hindsight in determining a lease term; and
- reliance on previous assessments on whether leases are onerous.

Under NZ IFRS 16, all qualifying leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period. The lease asset is depreciated over the asset's lease term on a straight-line basis.

The lease payments are discounted using the market borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Plexure Group has leases for property and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

For the year ended 31 March 2020 the Group recognised office costs of $228,778 for short term-rentals, included in the office costs in the Consolidated Statement of Comprehensive Income

3. Revenue from contracts with customers

	2020 $'000	2019 $'000
License revenue (i)	16,116	9,702
Consulting revenue (i)	8,906	6,987
Other revenue	229	139
	25,251	16,828

(i) License and Consulting revenue is recognised over time, the unutilised portion of revenue is recognised as deferred revenue in the balance sheet. For detailed breakdown of deferred revenue refer to Note 17.

Revenue by segment and region is presented in the segmentation report in Note 24.

4. Other income

	2020 $'000	2019 $'000
Interest received	238	63
Other income	14	-
	252	63

5. Wages and staff costs

	2020 $'000	2019 $'000
Salaries (less capitalised)		
New Zealand	7,880	4,287
Overseas	1,417	903
Benefits		
New Zealand	441	359
Overseas	155	74
Kiwisaver/Pension		
New Zealand	277	130
Overseas	29	25
Staff costs	945	543
	11,144	6,321
Permanent staff numbers as at 31 March		
New Zealand	114	48
Overseas	13	4

6. Professional fees

	2020 $'000	2019 $'000
Auditors' fees for audit of the financial statements	69	95
Auditors' other fees:		
Taxation compliance services	35	30
Ancillary assurance services	27	35
Accounting advisory services and systems	163	100
Consultancy services	357	179
Legal expenses	162	167
	813	606

7. IT Costs

	2020 $'000	2019 $'000
Platform hosting	5,123	2,764
Support and maintenance	1,247	257
License	50	122
Other IT expenses	53	25
	6,473	3,168

8. Other (gains)/losses

	2020 $'000	2019 $'000
Listing expenses	120	70
Share option expense	256	240
Foreign exchange gain	(803)	(58)
Trade receivables write off	(36)	(70)
Loss allowance on trade receivables	9	195
Loss on disposal of property, plant & equipment	-	49
Bank fees	34	22
	(420)	448

9. Tax

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

(a) Consolidated Statement of Comprehensive Income:	2020 $'000	2019 $'000
Current income tax:		
Current income tax expense	(74)	(63)
Withholding tax not recognised	(134)	(89)
Prior period adjustment	-	8
Income tax reported in the statement of comprehensive income	(208)	(144)

(b) Current tax assets and liabilities

	2020 $'000	2019 $'000
RWT receivable	(67)	(16)
Current tax payable	45	2
	(22)	(14)

(c) Reconciliation of income tax expense to net profit/(loss) before tax:

	2020 $'000	2019 $'000
Net profit/(loss) before tax	1,215	(559)
At the New Zealand statutory income tax rate of 28%	(340)	156
Non-deductible expenses	(280)	(664)
Future benefit of tax losses not recognised	541	462
Effect of difference in overseas tax rates	5	(17)
Foreign withholding tax expenses	(134)	(89)
Prior period adjustment	-	8
Income tax expense reported in the statement of comprehensive income	(208)	(144)

(d) Deferred Tax

The Group has estimated gross tax losses of $16.8m at balance date (2019: $17.6m). These are subject to confirmation by the Inland Revenue Department and subject to meeting the requirements of the 2007 Income Tax Act. Unrecognised deferred tax assets arising from these tax losses are $4.8m measured at 28% (2019: $4.9m). The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Intangible assets $'000	Provisions & accruals $'000	Tax losses $'000	Total $'000
At 1 April 2018	(885)	38	847	-
Recognised in profit and loss	233	(101)	(132)	-
At 31 March 2019	(652)	(63)	715	-
At 1 April 2019	(652)	(63)	715	-
Recognised in profit and loss	169	(253)	84	-
At 31 March 2020	(483)	(316)	799	-

(e) Imputation Credit Account Balances

	2020 $000	2019 $000
Balance as at 31 March	67	16

10. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash and cash and cash equivalents	11,205	1,179
	11,205	1,179
Denominations in:		
New Zealand Dollars	8,202	671
United States Dollars	2,749	377
Australian Dollars	65	1
Japanese Yen	160	107
Great British Pounds	29	23
	11,205	1,179

11. Term deposits

	2020 $'000	2019 $'000
Term deposits	3,014	6,071
	3,014	6,071

Term deposits are held with the group's bankers, made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates.

All term deposits are denominated in New Zealand dollars.

12. Trade and other receivables

	2020 $'000	2019 $'000
Accounts receivable	4,341	2,196
Provision for expected credit loss	(9)	(196)
Accrued Income	-	54
Sales tax receivable	116	335
Prepayments and other receivables	736	246
	5,184	2,635

The aging profile of Accounts receivable are as follows:

	2020	2019
Current	2,174	974
30-59	444	351
60-89	1,267	484
90 days and older	456	387
	4,341	2,196

The aging profile above does not necessarily reflect whether an amount is past due and impaired, as customer credit terms vary. Of the accounts receivable total of $4.341m, $2.167m is showing as past due (2019: $1.222m) however based on overseas payment patterns this is considered normal.

Accounts receivable are split into revenue categories as follows:

	2020	2019
License revenue	3,435	1,574
Consulting revenue	906	608
Other revenue	-	14
	4,341	2,196

13. Investments in subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

Name	Holding company	Equity interest 2020	Equity interest 2019	Balance date	Country of incorporation	Principal activity
Plexure Limited	Plexure Group Limited	100%	100%	31 March	New Zealand	Trading entity
VMob IP Limited	Plexure Group Limited	100%	100%	31 March	New Zealand	Holder of IP assets
VMob UK Limited	Plexure Limited	100%	100%	31 March	United Kingdom	Trading entity
Plexure USA Limited (formerly Vmob USA Limited)	Plexure Limited	100%	100%	31 March	USA	Trading entity
Plexure KK	Plexure Limited	100%	100%	31 March	Japan	Trading entity

14. Property, Plant & Equipment

	Leasehold Improvements $'000	Furniture & Fittings $'000	Plant & Equipment $'000	Right of use asset $'000	Total $'000
Cost					
At 1 April 2018	236	61	314	-	611
Additions	-	61	61	-	122
Disposal	(236)	(9)	(9)	-	(254)
At 31 March 2019	-	113	366	-	479
Additions	29	129	333	2,258	2,749
Disposal	-	-	(5)	-	(5)
At 31 March 2020	29	242	694	2,258	3,223
Depreciation					
At 1 April 2018	(157)	(29)	(182)	-	(368)
Depreciation charge for the year	(24)	(17)	(67)	-	(108)
Disposal	181	4	8	-	193
At 31 March 2019	-	(42)	(241)	-	(283)
Depreciation charge for the year	(5)	(69)	(138)	(220)	(432)
Disposal	-	-	4	-	4
At 31 March 2020	(5)	(111)	(375)	(220)	(711)
Net book value					
At 31 March 2019	-	71	125	-	196
At 31 March 2020	24	131	319	2,038	2,512

Leased assets are presented in Plant and Equipment and Right of use asset.

15. Intangible Assets

	Core Platform $'000	Mobile Platform $'000	Total $'000
Cost			
As at 1 April 2018	9,522	1,017	10,539
Additions – internally developed	628	-	628
As at 31 March 2019	10,150	1,017	11,167
Additions – internally developed	2,357	232	2,589
As at 31 March 2020	12,507	1,249	13,756
Amortisation			
As at 1 April 2018	(5,129)	(1,009)	(6,138)
Amortisation charge for the year	(1,766)	(8)	(1,774)
As at 31 March 2019	(6,895)	(1,017)	(7,912)
Amortisation charge for the year	(1,715)	(30)	(1,745)
As at 31 March 2020	(8,610)	(1,047)	(9,657)
Net book value			
As at 31 March 2019	3,255	-	3,255
As at 31 March 2020	3,897	202	4,099

16. Trade and other payables

	2020 $'000	2019 $'000
Accounts payable	846	547
Accruals	1,594	770
Staff social security and tax payable	382	27
	2,822	1,344

Normal credit terms are 30th of the following month.

17. Deferred revenue

	2020 $'000	2019 $'000
Deferred license revenue	5,351	2,617
Deferred consulting revenue	591	1,271
	5,942	3,888

18. Share capital, treasury stock and share based payment reserve

All shares are ordinary shares, they have been issued as fully paid and have no par value. Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro-rata share of net assets on a wind up.

(a) Share capital and treasury stock

	Shares	$'000
Balance as at 1 April 2018	111,650,513	26,820
Shares issued by way of conversion of convertible note in April 2018	1,407,397	281
Share buyback recognised as treasury stock in February 2019	(71,421)	(21)
Shares issued by way of exercising of share options in March 2019	30,001	8
Shares issued by way of conversion of convertible note in March 2019	12,534,773	4,200
Balance as at 31 March 2019	125,551,263	31,288
Shares issued by way of private placement in April 2019 (1)	13,795,311	5,387
Shares issued by way of exercising of share options in June 2019	5,440	3
Shares issued by way of exercising of share options in July 2019	113,313	50
Shares issued by way of exercising of share options in October 2019	3,333	1
Shares issued by way of exercising of share options in January 2020	469,998	87
Balance as at 31 March 2020	139,938,658	36,816

(1) On 2 April 2019 McDonald's Corporation purchased a stake of 9.9% of Plexure for $5.4m representing a 15% premium over the volume-weighted average price of Plexure shares during March 2019.

(b) Share based payment reserve

The share based payment reserve is used to record the accumulated value of unexercised share options and vested share rights which have been recognised in the statement of comprehensive income. As at balance date executives and employees have options over 7,900,687 shares (2019: 8,805,440).

	2020 $'000	2019 $'000
Balance at the beginning of year	415	301
Share based payment	290	242
Writeback of share based payment expired but not vested	(34)	(2)
Options not exercised written to retained earnings	(20)	(125)
Options exercised	(27)	(1)
Balance at the end of year	624	415

(c) Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Zealand dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

	2020 $'000	2019 $'000
Balance at the beginning of year	132	114
Exchange differences arising on translating the foreign operations	112	18
Balance at the end of year	244	132

(d) Share based payments

In August 2012 the Group established a share option plan that entitles selected employees, contractors and executives to purchase shares in the Company. In accordance with the terms of issue of the options, holders are entitled to acquire shares at the price determined at the time the options were issued. All options are to be delivered by physical delivery of shares. Terms and conditions of outstanding grants are as follows:

Grant date	Personnel entitled	Number of instruments
17/06/2015	Key executives and staff	150,000
02/12/2016	Key executives and staff	866,680
06/09/2017	Key executives	1,000,000
10/01/2018	Key executives and staff	553,340
19/06/2018	Staff	30,000
04/09/2018	Key executives	3,000,000
20/11/2018	Staff	130,000
17/12/2018	Key executives and staff	1,716,667
28/05/2019	Staff	60,000
16/10/2019	Key executives	144,000
06/12/2019	Key executives	250,000
Total options issued		7,900,687

All share options vest in three equal tranches, one third on each of the first, second and third anniversaries of the grant. The contractual life of all options is 5 calendar years from the date of issue.

The number and average exercise price of the share options are as follows:

	2020		2019	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April		8,805,440		4,690,000
Exercised during the year	0.19	(592,084)	0.20	(30,001)
Granted during the year	0.79	484,000	0.20	5,600,000
Forfeited during the year	0.21	(766,669)	0.26	(1,454,559)
Lapsed during the year	0.45	(30,000)		-
Outstanding at 31 March		7,900,687		8,805,440

The fair value of services received in return for the share options granted is based on the fair value of share options granted measured using a Black Scholes model with the following inputs:

Issue Date	6/12/19	16/10/19	28/05/19	17/12/18	20/11/18
Estimated fair value per option at grant date	39.33 cents	39.56 cents	29.49 cents	11.0 cents	9.7 cents
Exercise price per share	83.0 cents	83.49 cents	62.2 cents	23.25 cents	20.65 cents
Expected volatility	50%	50%	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years	5 years	5 years
Risk free interest rate	1.70%	1.70%	1.70%	1.70%	1.70%

Issue Date	4/09/18	19/06/18	10/01/18	06/09/17	02/12/16
Estimated fair value per option at grant date	8.9 cents	9.8 cents	9.5 cents	5.4 cents	11.8 cents
Exercise price per share	18.8 cents	20.75 cents	19.3 cents	11.0 cents	24.0 cents
Expected volatility	50%	50%	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years	5 years	5 years
Risk free interest rate	1.70%	1.70%	4.00%	4.00%	4.00%

Issue Date	17/06/15
Estimated fair value per option at grant date	20.1 cents
Exercise price per share	40.8 cents
Expected volatility	50%
Option life from date of grant	5 years
Risk free interest rate	4.00%

Expected volatility was estimated by reference to the volatility of listed equity securities for businesses of a similar nature to the Group operating in the technology industry and Plexure's own volatility.

19. Earnings Per Share

The profit of $1m (2019: loss $0.703m) for the year represented by earnings/(loss) per share shown below based on weighted average ordinary shares on issue during the year.

	2020	2019
Weighted average ordinary shares issued	139,485,609	113,102,013
Weighted average potential ordinary shares	7,238,026	6,853,362
Weighted average number of ordinary shares for diluted earnings/(loss) per share	146,723,636	119,995,375
Basic earnings/(loss) per share (cents)	0.72	(0.62)
Diluted earnings/(loss)per share (cents)	0.69	(0.59)

20. Accumulated losses

	2020 $'000	2019 $'000
Balance at the beginning of year	(23,717)	(23,139)
Share based payments on expired options	20	125
Net profit/(loss) for the year	1,007	(703)
Balance at the end of the year	(22,690)	(23,717)

21. Related Party Transactions

At reporting date, the Directors of the Company controlled 2% (2019: 3%) of the voting shares in the Company.

		2020	2019
Phil Norman	Director and Committee fees ($)	72,500	50,000
	Consulting fees ($)	20,000	-
	Payables ($)	20,633	4,893
	Shareholding (#)	3,194,405	3,194,405
	Shares (%)	2.28	2.54
Sharon Hunter	Director Fee ($)	42,500	35,000
	Payables ($)	4,792	3,354
	Shareholding (#)	-	-
	Shares (%)	-	-
Brian Russell	Director Fee ($)	42,500	35,000
	Payables ($)	4,792	3,871
	Shareholding (#)	-	-
	Shares (%)	-	-
Craig Herbison	Director Fee ($)	-	-
	Salary and bonus (CEO) ($)	717,002	457,145
	Shareholding (#)	-	-
	Shares (%)	-	-
Robert Bell	Director and Committee fees ($)	46,722	-
(appointed 8 April 2019)	Payables ($)	5,000	-
	Shareholding (#)	-	-
	Shares (%)	-	-
Jack Matthews	Director Fee ($)	30,833	-
(appointed 1 July 2019)	Payables ($)	4,167	-
	Shareholding (#)	-	-
	Director's Fee ($)	-	-
Scott Bradley	Director Fee ($)	-	5,832
(resigned 29 May 2018)	Salary (CEO) ($)	-	-
	Shareholding (#)	4,794,888	8,681,095
	Shares (%)	3.43	6.91
Tim Cook	Director Fee ($)	-	12,425
(resigned 8 August 2018)	Payables ($)	-	-
	Shareholding (#)	832,500	840,000
	Shares (%)	0.59	0.67

The Company supplied services to the value of $173,517 (2019: $173,517) to Loyalty New Zealand Limited during the year. Phil Norman was a Director of this company during the year.

The Company procured services of the value of $63,259 (2019: $Nil) from Parallo Limited during the year. Phil Norman has become a Director of this company during the year.

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Key management personnel and director transactions

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Chief Executive and his direct reports.

In addition to their fees and salaries, the Group also provides non-cash benefits to executive officers in the form of share options (refer Note 18). The following table summarises remuneration paid to key management personnel and directors:

	2020 $'000	2019 $'000
Directors' fees*	255	138
Exec team salary and bonus	2,174	1,586
Share based payments	221	194
	2,650	1,918

*Directors fees is the total amount paid to Directors as fees. This differs to the amount in the consolidated statement of comprehensive income as that figure includes directors and officers insurance.

22. Lease liabilities

The maturity of the lease liabilities is as follows:

	2020 $'000	2019 $'000
Less than one year	369	-
One to two years	392	-
Two to three years	413	-
Three to four years	437	-
Four to five years	464	-
More than five years	203	-
	2,278	-

The total interest expense on lease liabilities for the year ended 31 March 2020 amounted to $69,384.

23. Contingencies

There were no material contingent assets at 31 March 2020 (2019: $Nil). There is a contingent liability of $508,000 in respect of properties and a further $75,000 in relation to the NZX bond (2019: $139,000).

24. Segmental reporting

The Chief Executive and members of the executive management team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of a mobile engagement software with consulting services on campaigns and where required paid technology development work. The segment result is reflected in the financial statements.

The Group operated principally in Asia, Australasia, North America, Latin America and Europe during the year ended 31 March 2020. Revenue from contracts with customers by geographical location is as follows:

	2020 $'000	2019 $'000
Asia	12,248	9,101
Australasia	761	671
North America	4,841	1,792
Latin America	207	407
Europe	7,194	4,857
	25,251	16,828

All material non-current assets are held within New Zealand. We note that one customer contributes over 10% of our revenues.

25. Reconciliation of Operating Cash Flows

Reconciliation from the net profit/(loss) after tax to the net cash from operating activities.

	2020 $'000	2019 $'000
Net profit / (loss) after tax	1,007	(703)
Adjustments for non-cash items		
Amortisation	1,745	1,774
Depreciation	432	108
Amortisation of lease inducement	-	(5)
Recognition of share based payments	256	240
Fair value of derivative	-	1,477
Interest accrued on convertible note	-	174
Interest accrued on lease liabilities	69	-
Other	2	51
	2,504	**3,819**
Movements in working capital		
Increase in trade and other receivables	(2,557)	(1,204)
Increase in trade payables and accruals	1,478	545
Increase in deferred revenue	2,054	1,442
	975	**783**
Net cash inflow from operating activities	4,486	3,899

26. Financial Risk Management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies set out below:

(a) Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of issued capital, equity reserves and accumulated losses as disclosed in Notes 18 and 20.

The Group's Board of Directors reviews the capital structure on a regular basis.

The Group is not subject to externally imposed capital requirements.

The Groups overall strategy remains unchanged from prior years.

(b) Interest Rate Risk

The Group has no significant interest bearing assets or liabilities and operating cashflows are substantially independent of changes in market interest rates in interest bearing financial assets or liabilities.

(c) Foreign Exchange Risk

The Group faces the risk of movements in foreign currency exchange rates against the New Zealand dollar. During the year ended 31 March 2020, the Group's transactions were in New Zealand dollars, Australian dollars, United States dollars, Japanese Yen, Euro and Pound Sterling. As a result, the Group's consolidated statement of comprehensive income and consolidated statement of financial position can be affected by movements in exchange rates.

The table below details the Group's sensitivity to a reasonably possible (10%) increase or decrease in the New Zealand dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the change in foreign currency rates.

	2020			2019		
	Carrying amount	+/- 10% effect on profit before tax	+/- 10% effect on equity	Carrying amount	+/- 10% effect on profit before tax	+/- 10% effect on equity
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents						
USD	2,749	275	275	377	38	38
AUD	65	6	6	1	-	-
JPY	160	16	16	107	11	11
GBP	29	3	3	23	2	2

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	2020 Carrying amount $'000	2020 +/-10% effect on profit before tax $'000	2020 +/-10% effect on equity $'000	2019 Carrying amount $'000	2019 +/-10% effect on profit before tax $'000	2019 +/- 10% effect on equity $'000
Trade receivables						
USD	3,258	326	326	1,589	159	159
AUD	40	4	4	38	4	4
JPY	1,034	103	103	373	37	37
Financial liabilities						
Trade payables						
USD	396	40	40	6	1	1
AUD	30	3	3	-	-	-
EUR	15	1	1	32	3	3
JPY	9	1	1	2	-	-

(d) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances and accounts receivable. The Board monitors and manages the exposure to credit risk through the ongoing review of aged receivables and their recoverability.

The maximum exposures to credit risk at balance date are:

	2020 $'000	2019 $'000
Cash, cash equivalents and term deposits	14,219	7,250
Accounts receivable	4,341	2,196

At 31 March 2020, the credit risk associated with accounts receivable is considered minor due to the mix of large organisations. The Group's bank accounts are held with reputable banks in New Zealand and overseas. Otherwise the Group does not have any other concentrations of credit risk. The Group does not require any collateral or security to support financial instruments.

(e) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

27. Events after reporting period

At the date of this report management believes any negative impact of the COVID-19 pandemic on the Group is immaterial.

No other material events occurred after the reporting period.

Corporate Governance Statement

This corporate governance statement demonstrates Plexure's compliance with the new NZX Corporate Governance Code.

Principle 1: Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation."

Recommendation 1.1 Code of Ethical Behaviour

"The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere."

The Plexure Code of Ethics (the "Code") is fundamental to the way that Plexure Group Limited ("Plexure" or the "Company") does business and it is published on our website. The purpose of the Code is to ensure high standards of ethical conduct. The Code aims to achieve this purpose by the use of principles that provide guidance on appropriate standards and conduct. As the Code and the principles set out in it cannot capture every situation that might arise, Plexure personnel are requested to assess actions and decisions against the backdrop of the principles and spirit of the Code and always seek to act consistently with that. The Code has been approved by the board of directors (the "Board") of Plexure.

Recommendation 1.2 Financial dealing policy

"An issuer should have a financial product dealing policy which applies to employees and directors."

Plexure is committed to financial integrity and to ensuring compliance with all regulatory market requirements at all times. Plexure's Securities Trading Policy is a critical part of this commitment and of ensuring every member of the Plexure team is aware of their obligations and legal requirements for trading in Plexure securities. All of Plexure's policies are owned by the board or a board delegate and are regularly reviewed. The Plexure Securities Trading Policy was last reviewed in January 2020.

Principle 2: Board composition and Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.1 Written Board Charter

"The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management."

The Plexure Board Charter sets out how the board exercises and discharges its powers and responsibilities, including through committees established by the board. The Charter defines and prescribes the relationship between the board, the CEO, and the executive team.

The Board has statutory responsibility for the affairs and activities of the Company, which in practice is achieved through delegation to the Chief Executive Officer of the day-to-day leadership and management of the Company.

Recommendation 2.2 Nominating and appointing directors to the board.

“Every issuer should have a procedure for the nomination and appointment of directors to the board.”

Plexure’s procedures for the nomination and appointment of directors are covered by the remuneration committee. One third of the Directors stand for re-election at each AGM (as per the Board Charter). From time to time Plexure will seek new Directors for its Board. The potential candidates are recruited based on the specific skill set they can bring to the Board. The candidate will be interviewed by the Chair and a sub-committee of the Board. They will be subject to checks on their character, education, criminal and bankruptcy history.

Recommendation 2.3 Written agreements with each director

“An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.”

Plexure’s Directors enter into a written agreement establishing the terms of their appointment, including Plexure’s expectations for the role of director.

Recommendation 2.4 Information on directors

“Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings”

Profiles of each director’s experience can be found on the website.

Phil Norman
Chair – Independent
23 August 2012 (7 years, 7 months)

Brian Russell
Independent
27 Oct 2017 (2 year, 5 months)

Robert Bell
Independent
8 April 2019 (1 year)

Craig Herbison
Executive Director
19 June 2018 (1 year, 9 months)

Sharon Hunter
Independent
27 November 2015 (4 years, 4 months)

Jack Matthews
Independent
1 July 2019 (9 months)

Directors disclosed the following relevant interests in shares as at 31 March 2020.

Director	Beneficially	Associated Persons
Phil Norman	3,194,405	9,362

Recommendation 2.5 Diversity Policy

"An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it."

Plexure is committed to creating and maintaining an inclusive and collaborative workplace culture by recognising the values of a diverse and skilled workforce. This commitment extends to all areas of its business and is encompassed in Plexure's diversity policy which is available on our website.

As at 31 March 2020, the gender balance of the Company's directors, officers and all employees and contractors were as follows:

	2020			2019		
	Female	Male	**Total**	Female	Male	**Total**
Directors	1	5	**6**	1	3	**4**
Executive	2	3	**5**	1	3	**4**
Employees & contractors	30	103	**133**	14	50	**64**
Total (including directors)	33	111	**144**	16	56	**72**
Percentage	23%	77%	**100%**	22%	78%	**100%**

The gender balance has increased proportionately, another female member has joined our executive team. This remains an area of focus within the company.

As at 31 March 2020, the ethnical balance of the Company's directors, officers and all employees and contractors were as follows:

	2020			2019		
	Directors and Executives	Employees and contractors	**Total**	Directors and Executives	Employees and contractors	**Total**
NZ European	11	35	**46**	8	17	**25**
Asian	-	73	**73**	-	38	**38**
Middle Eastern	-	4	**4**	-	1	**1**
European	-	10	**10**	-	5	**5**
American	-	11	**11**	-	3	**3**
Total	11	133	**144**	8	64	**72**

Plexure's Directors also believe that diversity goes beyond gender and ethnicity and that diversity is the key to succeeding in the fast-changing world.

Recommendation 2.6 Director training

"Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer."

Plexure is committed to the ongoing development of the board however during the year ended 31 March 2020 Plexure did not organise any group training for Directors. Directors of their own accord attended sessions on their statutory requirements.

Recommendation 2.7 Performance

"The board should have a procedure to regularly assess director, board and committee performance."

As per Plexure's charter the Board reviews its performance as a whole on an annual basis. Performance reviews of individual Directors will be undertaken as required and determined by the Board. Plexure has its next scheduled Board review in August 2020.

Recommendation 2.8 Independent Directors

"A majority of the board should be independent directors."

The majority of Plexure's Board of Directors consists of independent directors.

Recommendation 2.9 Chair and CEO

"An issuer should have an independent chair of the Board. If the chair is not independent, the chair and the CEO should be different people."

Plexure's Board Charter states that the Chair is separate from the CEO. Phil Norman is the Chair of the board at Plexure, and Craig Herbison is the CEO at Plexure.

Principle 3: Board committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Recommendation 3.1 Audit committee

"*An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board."*

Plexure's Audit and Risk Committee (ARC) has a written charter and is made up of independent directors. The Chair of the ARC is not the Chair of the Board.

Current members: Robert Bell (Chair), Phil Norman, Sharon Hunter.

The role of the ARC is defined in the ARC Charter. The purpose of the ARC is to provide a specific governance focus on enterprise risks and the financial management, accounting, audit and reporting of Plexure and its subsidiaries.

Recommendation 3.2 Employees attend audit committee

"Employees should only attend audit committee meetings at the invitation of the audit committee."

Plexure's employees only attend ARC meetings at the invitation of the Audit and Risk Committee. The Chief Financial Officer, the Financial Controller and the Auditors are regular invitees to these meetings.

Recommendation 3.3 Remuneration committee

"*An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee"*

Plexure's Remuneration Committee has a written charter which is available on the website. Plexure's remuneration committee is made up of independent directors.

Current members: Phil Norman (Chair), Sharon Hunter, Brian Russell, Jack Matthews.

The remuneration committee approves performance criteria and remuneration for the CEO and recommends incentive payment or other adjustments to CEO remuneration to the board, taking into account the CEO's performance review with the board.

Recommendation 3.4 Nomination committee

"An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors"

Plexure does not have a separate nomination committee. The Board as a whole undertakes the role of nominations committee given the size of the company.

Recommendation 3.5 Other committees

"An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance."

Plexure has no other committees.

Attendance at board meetings

Directors attended the following total number of meetings:

Phil Norman	11 of 11
Sharon Hunter	11 of 11
Brian Russell	10 of 11
Craig Herbison	10 of 11
Robert Bell	11 of 11
Jack Matthews	7 of 8

Recommendation 3.6 Protocols for takeover offer

"The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee."

Plexure has a takeover protocol that has been prepared by an external advisor that outlines all the appropriate procedures if a takeover offer has been received.

Principle 4: Reporting and disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1 Continuous disclosure

"*An issuer's board should have a written continuous disclosure policy."*

Plexure is committed to notifying the market through full and fair disclosure to the NZX of any material information related to its business required by applicable listing rules. The Market Disclosure Policy assists the Board with the need to keep Plexure's investors and markets informed through a timely, clear and balanced approach which communicates both positive and negative news.

Plexure has appointed its Chief Financial Officer (CFO) as the Disclosure Officer. The CEO and the executive team are required to provide all material information to the Disclosure Officer.

Recommendation 4.2 Make key documents available

"An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website."

Plexure's Code of Conduct, board and committee charters, and other policies recommended in the NZX Code, together with other key governance documents are available on Plexure's website.

Recommendation 4.3 Financial reporting

"Financial reporting should be balanced, clear and objective. An issuer should provide non- financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessment, and align with key strategies and metrics monitored by the board."

The ARC plays a central role in Plexure's commitment to transparent reporting of its financial and non-financial performance. The ARC Charter clearly defines the roles of the board, the ARC, the executive, and external auditors.

Financial reporting

The executive is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies, and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

Plexure's external auditor, Deloitte, is responsible for planning and carrying out each external audit and review in line with applicable auditing and review standards. Deloitte is accountable to shareholders through the ARC and the Board respectively. The Board retains overall responsibility for financial reporting.

The ARC makes sure that it and the full Board are sufficiently informed about good-practice financial reporting and Plexure's operations to know whether financial reporting is fit for purpose. This means it represents a balanced viewpoint, is factual and complete, and is effectively implemented.

Non-Financial reporting

Plexure has not adopted environmental, social and governance reporting.

Principle 5: Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Recommendation 5.1 Director remuneration

"An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report."

The last director remuneration review was proposed for shareholder vote at the Annual Meeting in September 2019. The review indicated the pool should be increased, shareholder approval was achieved.

Directors remuneration received in FY20

	Board Fees	Salary, Bonus and Consultancy fees
Phil Norman (Chair)	72,500	20,000
Sharon Hunter	42,500	-
Brian Russell	42,500	-
Craig Herbison	-	717,002
Robert Bell	46,722	-
Jack Matthews	30,833	-

Recommendation 5.2 Remuneration policy for directors and officers

"An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria."

Plexure's Board and Executive remuneration policy which is published on Plexure's website sets out policies which are designed to be fair, simple and transparent. It is designed to promote a high-performance culture and to align remuneration to the development and achievement of strategies and business objectives to create sustainable value for shareholders.

Remuneration of directors

None of the directors is entitled to any remuneration from Plexure other than directors' fees and reasonable travel, accommodation, and other expenses incurred in the course of performing duties or exercising powers as directors. No directors are entitled to any retirement benefits.

Remuneration of Plexure employees including executives

Plexure provides the opportunity for the employees to receive, where performance merits, a total remuneration package for equivalent market-matched roles. Plexure's Remuneration Committee reviews the annual performance appraisal outcomes for all Executive Team members, including the Chief Executive Officer. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Total remuneration is made up of three components being: fixed remuneration, short-term performance-based cash remuneration and long-term performance-based equity remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary and benefits where applicable (generally based on local requirements).

Short-Term Incentive

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically in that financial year. The target value of an STI payment is set annually, usually as a percentage of the executive's base salary. The relevant percentage ranges from 20% to 50%.

Long Term Incentives - Options

In August 2012, the Group established a share option plan that entitles employees to purchase shares in the Company. In accordance with the terms of issue of the options, holders are entitled to acquire shares at the price determined at the time the options were issued.

The granting of options is designed to align the rewards for Executive Team members with the enhancement of shareholder value over a multi-year period. The options vest over three years and must be exercised within five years.

The number of options granted to the Executive team is determined by the Board.

Evaluating performance

Plexure's Executive will evaluate staff performance at year end. The board is responsible for monitoring the performance of the CEO and the executive team against established objectives.

All of Plexure's permanent employees, including management, have undertaken performance reviews in 2020.

Plexure's employee remuneration tables

The data in this section relates to Plexure permanent employees only.

Plexure notes the high proportion of employees earning above $100,000 reflects Plexure's business model and the demand for skill staff particularly in the Technology sector.

During the period employees, including executive directors, within the Group received annualised remuneration, termination payments and benefits which exceeded $100,000 as follows:

	2020			2019		
	NZ Entity	Intl Entity	Total	NZ Entity	Intl Entity	Total
$100-$110,000	3	1	4	1	-	1
$110-$120,000	7	-	7	4	2	6
$120-$130,000	3	-	3	2	-	2
$130-$140,000	3	1	4	-	-	-
$140-$150,000	4	-	4	6	1	7
$150-$160,000	4	-	4	1	-	1
$160-$170,000	2	-	2	-	-	-
$170-$180,000	1	-	1	1	1	2
$180-$190,000	1	-	1	-	-	-
$200-$210,000	1	1	2	-	-	-
$250-$260,000	1	-	1	-	-	-
$260-$270,000	1	-	1	-	-	-
$270-$280,000	-	-	-	1	-	1
$280-$290,000	1	-	1	-	-	-
$300-$310,000	-	1	1	-	-	-
$310-$320,000	-	-	-	1	-	1
$360-$370,000	-	1	1	-	-	-
$380-$390,000	1	-	1	-	-	-
$450-$460,000	-	-	-	1	-	1
$710-$720,000	1	-	1	-	-	-
	34	5	39	18	4	22

Recommendation 5.3 CEO remuneration

"An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long-term incentives and the performance criteria used to determine performance based payments."

In FY20, Craig had a base salary of $500,000 per annum. The base salary is reviewed annually with effect from 1 April each year. In addition to his base salary, he may also be paid an annual Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. Payment of an STI is at the board's discretion and is assessed in the first quarter of each financial year, based on business performance in the previous financial year.

Craig is also entitled to share options. The size of the package of options is determined by the Remuneration Committee. For further information on the CEOs salary see the additional NZX disclosures.

Principle 6: Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Recommendation 6.1 Risk management framework

"An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed".

Plexure's risk management policy is published on its website. Plexure has a number of risk management policies, as well as related internal compliance systems that are designed to:

(a) optimise the return to, and protect the interests of stakeholders;
(b) safeguard Plexure's assets and maintain its reputation;
(c) improve Plexure's operating performance; and
(d) fulfil Plexure's strategic objectives.

The risk management approach focuses on management of the following material business risks:

1. Operating risks;
2. Financial risks;
3. Organisational risks; and
4. Corporate risks.

The Board is ultimately responsible for overseeing the effectiveness of the risk management system, and the adequacy of the internal compliance and controls, which it believes should be monitored and managed on a continuing basis. Plexure has in place number of mechanisms and internal controls intended to identify and manage areas of material business risk.

The Audit and Risk Committee (ARC) is responsible for oversight, monitoring, and reviews. The CEO is responsible for promoting a culture of proactively managing risks and reporting to the ARC.

Recommendation 6.2 Health and safety risks

"An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management."

Plexure has appointed an internal health and safety officer who receives appropriate training on an ongoing basis. Plexure maintains a risk register and the Board receives an updated risk register and report on a monthly basis at the Board meeting.

Due to the size and nature of Plexure's business and associated health and safety risks we do not currently report externally on Health & Safety.

Principle 7: Auditors

"The board should ensure the quality and independence of the external audit process."

Recommendation 7.1 Establish a framework

"The board should establish a framework for the issuer's relationship with its external auditors."

Plexure's External Auditor Independence Policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do. This ensures the ability of the auditor to carry out their role is not impaired and could not be reasonably perceived to be impaired.

All non-audit work that the external auditor performs must be approved by the Chair of the ARC. The approval details what work is to be performed and how auditor independence and objectivity are maintained. The policy requires that the development of local and overseas practice for other related assurance services be continuously monitored so that Plexure's policies comply with best practice.

Deloitte has been the external auditor of Plexure for 7 years. The tenure and reappointment procedure of the external auditor is detailed in the External Auditor Independence Policy.

Plexure is committed to having financial reports externally audited to ensure they meet international accounting standards.

Recommendation 7.2 External auditor attend Annual Meeting

"The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit."

In the past, Plexure's external auditors have attended the Annual Shareholders' Meeting (ASM), where they have been available to answer shareholders' questions about the audit. Plexure expects the auditor to attend the 2020 ASM.

Recommendation 7.3 Internal audit

"Internal audit functions should be disclosed."

Plexure does not have an internal audit function.

Principle 8: Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.1 Website

"*An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer."*

The investor section of Plexure's website contains financial and operational information and key corporate governance information.

Recommendation 8.2 Investor communications

"An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically."

Plexure communicates with shareholders through multiple channels throughout the year: continuous market disclosure, half-year and full-year reporting, investor roadshow meetings and an Annual Shareholders' Meeting.

Plexure provides and advocates for the option for investors to receive communications electronically, to and from both Plexure and its share register.

Shareholders can directly access our CEO and CFO who respond directly to shareholder phone calls and emails.

Recommendation 8.3 Shareholder right to vote

"Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested."

Major decisions that may change the nature of Plexure's business are presented as resolutions at the ASM and voted on by shareholders.

Recommendation 8.4 Additional equity capital

"If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favorable terms, before further equity securities are offered to other investors."

Plexure's shareholders receive offers to purchase of additional securities on the pro rata basis, in the event of additional capital issue.

Recommendation 8.5 Notice of Annual Meeting

"The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 days prior to the meeting."

Each year, the annual shareholders notice of meeting in posted in Plexure's website and is sent to shareholders by mail and email at least 20 days before the meeting.

NZX Additional Reporting

1. Substantial Product Holders

Pursuant to section 280 of the Financial Markets Conduct Act 2013, the following persons had given notice as at the balance date of 31 March 2020 that they were substantial product holders in the Company:

Name	No. of Shares	% of Issued Shares
Forsyth Barr Custodians Limited	17,509,671	12.51
Atlas Bear LLC	13,795,311	9.86
Allectus Capital Limited	10,583,095	7.56

2. Spread of Security Holders at 31 March 2020

	Shareholders		Shares	
	Number	%	Number	%
1 – 999	134	6.08	67,395	0.05
1,000 – 4,999	775	35.18	1,869,147	1.34
5,000 – 9,999	402	18.25	2,580,081	1.84
10,000 – 99,999	759	34.45	20,058,624	14.33
100,000 – 499,999	98	4.45	19,261,814	13.76
500,000 – 999,999	14	0.64	10,067,353	7.19
1,000,000 and above	21	0.95	86,034,244	61.49
TOTAL	2,203	100.00	139,938,658	100.00

3. Twenty Largest Equity Security Holders

The names of the 20 largest holders of ordinary issued shares as at 31 March 2020 are listed below:

Top 20 Shareholders	No. of Issued Ordinary Shares	% Issued
Forsyth Barr Custodians Limited (Account 1 NRL)	17,509,671	12.51
Atlas Bear LLC	13,795,311	9.86
Allectus Capital Limited	10,583,095	7.56
JML Capital Limited	6,196,341	4.43
Citibank Nominees (New Zealand) Limited	3,960,530	2.83
Forsyth Barr Custodians Limited (Account 1 E)	3,908,102	2.79
Collins Asset Management Limited	3,838,692	2.74
Sharbo Ulc	3,681,095	2.63
Accident Compensation Corporation - NZCSD	3,651,721	2.61
Jarden Custodians Limited	3,600,000	2.57
Philip John Norman	3,194,405	2.28
HSBC Nominees (New Zealand) Limited - NZCSD	1,660,496	1.19
Public Trust Class 10 Nominees Limited	1,575,000	1.13
Jaobq Pty Limited	1,257,143	0.90
ASB Nominees Limited	1,236,000	0.88
Maarten Arnold Janssen	1,153,491	0.82
Lamb Equities Limited	1,119,358	0.80
Scott John Bradley	1,113,793	0.80
Minggang Chen	1,000,000	0.71
Simon John Raymer	1,000,000	0.71
	85,034,244	60.75

4. Interests Register

There were no transactions between the Group and Directors during the year other than their remuneration for Director services, and in Craig Herbison's case for remuneration as CEO.

5. Directors' Remuneration

Directors' remuneration is as follows:		2020 $	2019 $
Phil Norman	Chairman fee	72,500	50,000
	Consulting fee	20,000	-
Sharon Hunter	Director fee	42,500	35,000
Brian Russell	Director fee	42,500	35,000
Craig Herbison	Salary and Benefits	717,002	457,145
	Director fee	-	-
Robert Bell (appointed 8 April 2019)	Director fee	46,722	-
Jack Matthews (appointed 1 July 2019)	Director fee	30,833	-
Scott Bradley (resigned 29 May 2018)	Director fee	-	5,832
Tim Cook (resigned 8 August 2018)	Director fee	-	12,435

6. Directors' Equity Security Holdings

Details of director equity securities holdings as at 31 March 2020 are set out below:

Name of Director		Beneficially	Associated Persons
Phil Norman	Shares	3,194,405	9,362

7. Share Dealing

There was no share dealing by the Directors during the year ended 31 March 2020.

8. Directors' Loans

There were no loans from the Group to Directors.

9. Use of Company Information

The Board received no notices during the year from directors requesting to use the Group information received in their capacity as directors which would not have been otherwise available to them.

10. Dividend

The Directors recommend that no dividend be paid in relation to ordinary shares on issue.

11. CEO's salary

In FY20, Craig had a base salary of $500,000 per annum. The base salary is reviewed annually with effect from 1 April each year.

In addition to his base salary, Craig may also be paid an annual Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. Payment of an STI is at the board's discretion and is assessed in the first quarter of each financial year, based on business performance in the previous financial year.

Craig is also entitled to share options. The size of the package of options is determined by the Remuneration Committee. As at 31 March 2020 Craig had 3,250,000 options granted to him.

12. Remuneration of Auditors

	2020 $'000	2019 $'000
Audit of the financial statements	69	95
Tax compliance services	35	30
Ancillary assurance services	27	35
	131	160

The auditor of the Group is Deloitte Limited for the year ended 31 March 2020.

13. Donations

The Group made no donations during the year ended 31 March 2020 (2019: Nil).

14. Directors Holding Office

The names of the Directors of the Group, who held office during and since the end of the year are:

Phil Norman
Sharon Hunter
Brian Russell
Craig Herbison
Robert Bell (appointed 8 April 2019)
Jack Matthews (appointed 1 July 2019)

plexure

Directory

As at 31 March 2020

Company Number	244518
NZ Business Number	9429039937803
Directors	Phil Norman – Chairman Sharon Hunter Brian Russell Craig Herbison Robert Bell (appointed 8 April 2019) Jack Matthews (appointed 1 July 2019)
Registered Office	Level 2, 1 Nelson Street, Auckland
Postal Address	PO Box 90722 Victoria Street West Auckland
Share Registrar	Computershare Investor Services Limited Private Bag 92119 Auckland Phone: 09 488 8700 Fax: 09 488 8787
Auditors	Deloitte Limited Private Bag 115033 Shortland Street Auckland
Bankers	ASB Bank PO Box 35 Shortland Street Auckland
Solicitors	Bell Gully PO Box 1291 Wellington
Website	www.plexure.com