



11 November 2020

Plexure undertakes NZ\$32.0 million placement and NZ\$5.0 million SPP to accelerate global expansion

Highlights

- Underwritten A\$30.0 million private Placement to institutional and sophisticated and professional investors in eligible jurisdictions.
- Seeking a secondary ASX listing (ASX foreign exempt listing) and maintaining NZX primary listing.
- Non-underwritten Share Purchase Plan (SPP) of up to NZ\$5.0 million to enable NZ shareholders to participate on the same terms as the Placement.
- Funds raised to support accelerated expansion of the Company's global customer base and fund further product innovation.
- Key customer and shareholder McDonald's will participate in the Placement to maintain its current 9.9% shareholding.
- H1 FY21 revenue growth of 23% to \$14.4 million versus prior comparable period.
- Revenue guidance for FY21 of \$29.1 million, a 14% increase on FY20.

Plexure Group Limited (**NZX:PLX**) (**Plexure**), one of the leading international specialist mobile engagement platform providers, announces that it is proposing to raise up to NZ\$32.0 million¹ through an underwritten A\$30.0 million private placement (**Placement**) and a non-underwritten share purchase plan (**SPP**) to raise up to NZ\$5.0 million (together, the **Offer**).

Funds raised through the capital raising will be used to accelerate the Company's international growth by increased investment in the following areas:

- Increased staffing to support customer expansion in new verticals and geographies;
- Product innovation including data analytics, Ai and machine learning and platform capacity; and
- Working capital.

Plexure has previously announced that it was considering a possible IPO and ASX listing (and re-classifying its NZX listing to a secondary listing) and has received shareholder approval in this regard. Plexure has now determined that the most efficient way to achieve an ASX presence is to undertake an underwritten private placement to institutional and sophisticated and professional investors in Australia and New Zealand, seek a secondary ASX listing (an

¹ Final NZD amount will be based on exchange rate on date of Placement settlement

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ASX foreign exempt listing) and maintain its NZX listing as its primary listing. The Company may migrate to a primary listing in Australia at a later date.

In addition, the Company will undertake a non-underwritten SPP in New Zealand to allow New Zealand shareholders to participate in the Offer on the same terms as those institutional, sophisticated and professional investors participating in the Placement.

Commenting on the capital raising, Plexure Chairman, Phil Norman said, “Plexure has established itself as a leading international specialist mobile engagement platform and a key marketing partner to well-known consumer brands that operate in high-frequency physical environments such as grocery and quick service restaurants. The Plexure platform delivers seamless personalised offers at scale to more than 210 million customers in 60 countries via their mobile devices to incentivise them to visit physical stores”.

“The Offer provides us with the opportunity to accelerate the strong international growth trajectory we have achieved in recent years through investment in our sales function. It will also allow us to continue to remain at the forefront of data-driven analytics and the use of AI and machine learning by developing further enhancements to our platform and allowing for increased expansion in other geographies and verticals. Our recent inclusion in the well-known and highly regarded 2020 Gartner Magic Quadrant for Mobile Marketing Platforms – the only Australasian company to do so – puts us in an elite group of providers. We must continue to increase our product innovation so that we can leverage that advantage. In addition, the Australian secondary listing provides us with a new and deep source of capital for the future.”

Half-Year Results

Plexure is pleased to release its trading results for the half-year ended 30 September and has made a separate announcement today of these results. A summary of these is set out below.

	6 Months 30 Sep 20 \$'000s	6 Months 30 Sep 19 \$'000s	Change \$'000s	Change %
Total revenue	14,490	11,763	2,727	23%
Revenue from contracts with customers	14,362	11,651	2,711	23%
Net profit/(loss) after tax	(4,409)	1,177	(5,586)	(475%)
EBITDA ¹	(3,082)	2,085	(5,167)	(248%)
Pro-forma EBITDA ¹	(2,239)	1,692	(3,931)	(232%)
Cash at bank (including term deposits)	8,761	13,581	(4,820)	(35%)
Staff (FTEs and contractors)	161	95	66	69%

¹ A reconciliation between Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Net profit / loss after tax (NPAT) can be found in Appendix 1. This includes the differences between pro-forma numbers.



During the first half of FY21, the Company continued to build on the financial foundations laid down over the previous three years. Revenues have continued to grow and along with this the associated platform costs have also increased. The Board and Senior Leadership Team (SLT) team made the decision to increase headcount to enable product development to be accelerated and undertake the platform enhancements required to support much larger user numbers and activity levels. An increased investment has also been made in the Company's sales and marketing capability. This increase in headcount is the principal driver of cost growth and is aligned with the Company's business strategy and capital raising plans.

During the first half of FY21, the Company's revenue grew 23% to \$14.4 million, compared with the same six-month period last year (\$11.7 million). Recurring revenue (representing licence and support fees) increased by \$1.7 million, or 19% to \$9.0 million, while non-recurring revenue increased by \$1.2 million, or 22% to \$5.3 million. Non-recurring revenue represents funded development and one-off projects for customers. There has been a consistent pipeline of non-recurring revenue for several years and this will continue for the foreseeable future.

The Company's cost base has increased by 79% to \$18.8 million, compared with the same six-month period last year (\$10.5 million), as it invested in product and platform development, staff, and professional costs.

Increased users and platform activity have driven growth in IT costs from \$2.6 million to \$4.0 million. During the period, Plexure incurred some dual running costs as it moved parts of its platform between cloud providers. Re-architecting and modernising the platform remains a key focus for the business.

Total staff and contractor headcount has increased by 69% from 139 to 161 and the associated wage and salary costs have increased by \$4.5 million to \$9.9 million. Most of this growth has been in the Company's engineering teams as it continues to employ further staff to modernise the platform and develop new products.

As the Company requires significant capital for its next phase of growth, in July 2020 it announced its intention to investigate undertaking an Initial Public Offering (IPO) on the ASX. Expenses associated with this process were the major driver of the increase in professional costs from \$1.7 million to \$2.1 million.

Other expenses increased to \$0.7 million, including foreign exchange losses of \$0.492 million. The majority of Plexure's revenue is either denominated in Japanese Yen or United States dollars while its cost base is mainly New Zealand dollar denominated. The strengthening New Zealand dollar since the start of financial year and the timing of payments from customers generated this foreign exchange loss.

The EBITDA loss for the first 6 months increased by \$5.2m to \$3.1m while the net loss after tax for the period attributable to shareholders increased by \$5.6 million to \$4.4 million.

Earnings Guidance

Plexure is also pleased to provide a trading update and forecast for the full year ending 31 March 2021. The Company will not be forecasting cash balances as that is dependent on the success of the Offer and the SPP.

	12 Months 31 Mar 21 \$'000s	12 Months 31 Mar 20 \$'000s	Change \$'000s	Change %
Total revenue	29,107	25,503	3,604	14%
Revenue from contracts with customers	28,953	25,251	3,702	15%
Net profit/(loss) after tax	(10,019)	1,007	(11,026)	(1,095%)
EBITDA ¹	(6,998)	3,224	(10,222)	(317%)
Pro-forma EBITDA ¹	(6,286)	2,438	(8,724)	(358%)
Staff (FTEs and contractors)	190	139	51	37%

The Company's total revenue is forecast to grow 14% to \$29.1 million for the full year. This forecast is based on revenue growth from existing customers only and does not include any new customer revenue for the year ended 31 March 2021.

Based on the market opportunity and the capital raising, Plexure will continue to hire staff with a year-end headcount forecast of 190. The Company's hiring focus will be on its technology, product and data teams along with increased headcount in sales and marketing. Total staff and contractor costs are forecast to increase by \$8.4 million to \$21.3 million as a result of the growth in staff numbers.

Increased usage on Plexure's technology platform and the growth in user numbers drives an increase in IT costs of \$2.5 million to \$9.0 million, while the costs associated with the capital raising add an additional \$1.3 million to professional fees. The increased cost base results in a full year EBITDA loss of \$7.0m and a net loss after tax of \$10.0 million for FY21.

Placement

The Placement will be conducted via a bookbuild in which institutional and other sophisticated and professional investors in Australia and New Zealand will be invited to participate by Joint Lead Managers, Bell Potter Securities Limited and Ord Minnett Limited. A two-business day trading halt of Plexure's shares has been granted by NZX prior to the market opening today.

The Placement has been underwritten at the offer price of A\$1.13 (NZ\$1.20), (**Offer Price**). This represents a discount of 23% to the last close of NZ\$1.55 (A\$1.45) and 20% discount to the volume weighted average price for Plexure shares over the preceding ten business days of NZ\$1.50 (A\$1.40). The corresponding NZ\$ price to the Offer price was determined based on the NZ\$:A\$ foreign exchange rate as at 3.00pm (NZDT), Tuesday, 10 November 2020 from the Reserve Bank of New Zealand of NZ\$:A\$ 0.9375.

Any shares not taken up in the Placement will be underwritten by Bell Potter and Ord Minnett at the underwritten Offer Price, pursuant to the terms of an underwriting agreement entered into with Plexure on 10 November 2020.

¹ A reconciliation between Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Net profit / loss after tax (NPAT) can be found in Appendix 1. This includes the differences between pro-forma numbers.



McDonald's, a key customer and shareholder of Plexure, has committed to participating in the Placement to maintain its current 9.9% shareholding post settlement of the Placement.

The Placement is conditional on the success of Plexure's application for an ASX foreign exempt listing. Completion of the Placement is anticipated to be around 24 November 2020.

Share Purchase Plan

The SPP will be offered to all eligible shareholders with a registered address in New Zealand, under which each eligible shareholder can apply for up to NZ\$50,000 worth of new shares, subject to a NZ\$5.0 million overall cap. The issue price under the SPP will be NZ\$1.20, being the same price paid by investors in the Placement, at an exchange rate of NZ\$:A\$ 0.9375.

The SPP has been structured to be as fair as possible to existing shareholders and should scaling be required it will be by reference to existing shareholdings.

The SPP offer opens on 13 November 2020 and the Offer Document and Application Form in respect of the SPP offer will be sent to eligible shareholders on that date as well as being available at www.shareoffer.co.nz/plexure from that date.

A timetable for the SPP is set out below.

Record Date	5.00pm (Auckland time), 10 November 2020
Announcement of Offer	11 November 2020
SPP Opening Date	13 November 2020
Offer Document and Application Form sent to eligible shareholders	13 November 2020
SPP Closing Date (last time for online applications, or for receipt of an Application Form, with payment)	5.00pm (Auckland time), 24 November 2020
Allotment of new shares under the SPP	27 November 2020

These dates are subject to change and are indicative only. Plexure reserves the right to amend this timetable (including by extending the SPP Closing Date) subject to applicable laws and the Listing Rules. Plexure reserves the right to withdraw the SPP and the issue of new shares under it at any time before the date of allotment at its absolute discretion.

NZX Class Waiver and Ruling

Plexure is making the Offer in reliance on a class waiver and ruling issued by NZX Regulation dated 30 September 2020 enabling issuers to increase their placement capacity threshold by an extra 10% above the normal threshold of 15% provided for under NZX Listing Rule 4.5, where the company is impacted by COVID-19. The reasons for seeking the Placement have been described above.



The impact of COVID-19 on Plexure has primarily been to slow the Company's sales pipeline, particularly in the grocery sector, as potential customers reacted to the pandemic. More recently, the Company's sales pipeline has improved as potential quick service restaurant and grocery customers seek ways of driving consumers back in-store.

The grocery sector remains a focus for Plexure and the Company has continued to invest in its capability in this sector during the 2020 calendar year, despite market uncertainty related to COVID-19. This decision to continue to position the Company to capture market opportunities as the pandemic subsides has increased costs and reduced working capital.

Ticker Code

Plexure has applied for a foreign exempt listing on the ASX. Plexure will retain its primary listing on the NZX Main Board and remain subject to the NZX Listing Rules but its shares will be able to be traded on the ASX if its application for an ASX foreign exempt listing is successful.

Plexure's ASX ticker code will be "PX1" if its application for an ASX foreign exempt listing is successful. Plexure's NZX ticker code will change from "PLX" to "PX1" from the date that Plexure's shares commence trading on the ASX if Plexure's application for an ASX foreign exempt listing is successful.

Ends

Attachments provided to NZX:

- Plexure Group Limited – Capital Raise Announcement
- Plexure Group Limited – Investor Presentation
- Plexure Group Limited – Corporate Action Notice
- Plexure Group Limited – Cleansing Notice (pursuant to clause 20(1)(a) of Schedule 8 to the FMCA)

Appendix 1

Note there are two sets of guidance numbers provided, being:

1. Statutory numbers aligned with Plexure's normal statutory financial results. These show the impact of being listed on the ASX as a Foreign Exempt Issuer (assuming that Plexure's application for this secondary listing succeeds as expected) for part of the year along with costs directly attributable to the Offer. This statutory forecast is produced on a consistent basis with the Half-Year Results summarised above (and set out in a separate announcement).
2. Pro-forma statutory numbers (as shown in the Investor Presentation). These have been extracted from the consolidated financial statements and presented on a consistent basis to reflect the impact of the adoption of NZ IFRS-15 Revenue from Contracts with Customers, the adoption of NZ IFRS-16 Leases, and eliminating the impact of the convertible notes issued in the past.

The Pro-forma Forecast Income Statement has been derived from the Statutory Forecast Income Statement after allowing for pro-forma adjustments to reflect the Group's operations following completion of the Offer. The Pro-forma Forecast Income Statement, which is set out in this section, differs from the Statutory Forecast Income Statement because the Pro-forma Forecast Income Statement reflects the full year effect of the operating and equity structure that will be in place on completion of the Offer, but excludes costs directly attributable to the Offer and other non-operating items.

Both forecasts have the same revenue figure but have different cost bases. The pro-forma statutory guidance numbers for the full year exclude \$1.3 million of costs associated with the capital raising but include \$0.6 million of associated costs as if the Company had been listed on the ASX as a Foreign Exempt Issuer for the full year.

Reconciliation between EBITDA and NPAT for the 6 months ended 30 September 2020 and 2019.

NZ\$(000's) Period ended 30 September 2020	Statutory 30/09/20	Adjustments 30/09/20	Pro-forma 30/09/20
EBITDA	- 3,082	843 -	2,239
			-
Depreciation	- 316	- -	316
Amortisation	- 972	- -	972
EBIT	- 4,370	843 -	3,527
Net finance income / (expense)	- 10	0 -	10
Pro forma profit/(loss) before tax	- 4,380	843 -	3,537
Income tax expense	- 29	- -	29
Pro forma net profit/(loss) after tax	- 4,409	843 -	3,566

NZ\$(000's) Period ended 30 September 2019	Statutory 30/09/19	Adjustments 30/09/19	Pro-forma 30/09/19
EBITDA	2,085	-393	1,692
			-
Depreciation	- 108	-	- 108
Amortisation	- 840	-	- 840
EBIT	1,137	-393	744
Net finance income / (expense)	105	0	105
Pro forma profit/(loss) before tax	1,242	-393	849
Income tax expense	- 65	-	- 65
Pro forma net profit/(loss) after tax	1,177	-393	784

Reconciliation between EBITDA and NPAT for the 12 months ended 31 March 2021 and 2020.

NZ\$(000's) Year ended 31 March 2021	Statutory FY21	Adjustments FY21	Pro-forma FY21
EBITDA	- 6,998	712	- 6,286
			-
Depreciation	- 734	-	- 734
Amortisation	- 1,991	-	- 1,991
EBIT	- 9,724	712	- 9,012
Net finance income / (expense)	- 83	0	- 83
Profit/(loss) before tax	- 9,807	712	- 9,095
Income tax expense	- 212	-	- 212
Net profit/(loss) after tax	- 10,019	712	- 9,307

NZ\$(000's) Year ended 31 March 2020	Statutory FY20	Adjustments FY20	Pro-forma FY20
EBITDA	3,224	-786	2,438
			-
Depreciation	- 433	-	- 433
Amortisation	- 1,745	-	- 1,745
EBIT	1,046	-786	260
Net finance income / (expense)	169	0	169
Profit/(loss) before tax	1,215	-786	429
Income tax expense	- 208	-	- 208
Net profit/(loss) after tax	1,007	-786	221

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About Plexure

Plexure is a mobile engagement software company. Global brands use the Company's products to engage consumers on mobile devices and drive them to store with personalised offers, mobile order and pay and loyalty. Plexure's software integrates with operational systems to remove friction and create a seamless purchase experience for consumers.

Plexure makes the sales process for physical retailers seamless, engaging and profitable by identifying where customers are, what they want and then facilitating their purchases. The Company's technology platform and product offering covers five key capabilities:

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

Brands that use Plexure experience an increase in customer numbers and visit frequency, higher average transaction values, larger share of wallet and improved customer satisfaction scores.

The Company now has over 210 million end users on its platform in 60 countries.

Plexure has offices in Auckland, Chicago, Atlanta, New York, Tokyo, London and Copenhagen. Clients include McDonald's, White Castle, Super Indo and Loyalty New Zealand.

For further information, please visit: <https://www.plexure.com/>