

plexure  
TASK.

Plexure Group  
Annual Report  
2022

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Plexure Group is the result of two great companies coming together: Plexure and TASK.

The combined proposition enables an end-to-end cloud engagement and transaction platform for the Hospitality sector.

Together Plexure and TASK own every transaction and touchpoint – with all the functionality to transact, and the added benefit of personalisation and data-driven insight, our customers are able to maximise the relationship with their consumers.

This means that we have a unique offering that helps customers to drive efficiencies, improve customer experience and create loyalty.

With Plexure Group, you can have it all.

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## Contents

2	Highlights
4	Results Summary
5	Chairman's Report
6	CEO's Report
<hr/>	
8	Independent Auditor's Report
11	Consolidated Financial Statements
15	Notes to the Consolidated Financial Statements
38	NZX Governance Report
47	Additional NZX Disclosure
52	Directory

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## Group Highlights

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TASK acquisition

**\$120m**

(\$AUD, refer to Note 28 Business Combinations in the Notes to the Consolidated Financial Statements)

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Group revenue

**\$32.6m**

(\$NZD)

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Group recurring revenue

**\$24.8m**

(\$NZD)

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Net cash

**\$13.9m**

(\$NZD)

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EBITDA level loss

**\$15.6m**

(reflecting Plexure Division operations prior to FY22 restructuring)

Net loss after tax

**\$24.1m**

(reflecting Plexure Division operations prior to FY22 restructuring)

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## TASK Highlights

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+30% SaaS Annualised Monthly Recurring Revenue<sup>1</sup>  
versus prior year period, increasing to \$7.7m

(March 2022 vs March 2021)

+32% additional AMRR increase already contracted  
for FY23

(as at end of May 2022)

TASK positive EBITDA contribution in FY22

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## Plexure Highlights

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Platform running at record levels (323m users,  
28% increase in customer activity)

(as at end of FY22 vs FY21)

Salary and wage costs were reduced by 40%,  
saving over \$8.0 million on an annualised basis

(Q4 FY22 vs. Q3 FY22)

Management committed to ensuring that the  
Division operations is cash positive in FY23

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<sup>(1)</sup> AMRR is Annualised Monthly Recurring Revenue representing SaaS revenue for the month of March, multiplied by 12. It provides a 12-month forward view of SaaS revenue, assuming factors such as customers, pricing and foreign exchange remain unchanged. SaaS revenue represents 76% of total recurring revenue for TASK.

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## Results Summary

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Income Statement	2022	2021	Variance	
	\$'000	\$'000	\$'000	%
Total Income <sup>1</sup>	32,759	29,276	3,483	12%
Operating expenses	(48,407)	(34,343)	(14,064)	(41%)
EBITDA <sup>2</sup>	(15,648)	(5,067)	(10,581)	(209%)
Depreciation & Amortisation	(9,203)	(2,592)	(6,611)	(255%)
EBIT	(24,851)	(7,659)	(17,192)	(224%)
Net Interest & Income Tax	800	(271)	1,071	395%
Net Loss after Tax	(24,051)	(7,930)	(16,121)	(203%)

<sup>(1)</sup> Total Income excludes interest received for the purposes of this table.

<sup>(2)</sup> EBITDA is a non-GAAP measure and is defined as earnings before net interest, income tax, depreciation and amortisation.

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# Chairman's Report

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## Dear Shareholder

### FY22 was a year of change for Plexure Group

The most significant change was the acquisition of TASK, for AUD\$120 million, on 1 October 2021, after approval from 99% of the Company's voting shareholders. The transaction was supported by an over-subscribed institutional placement of AUD\$15.0 million, plus an over-subscribed retail offer which raised NZD\$5.2 million from existing New Zealand shareholders. This shareholder support reinforces the refreshed vision of the Group to create a best-in-class customer engagement, loyalty and POS operations platform for the hospitality sector. Importantly, this will enable the Plexure capabilities within the TASK ecosystem to provide hospitality customers with a complete end-to-end customer lifecycle platform that will streamline and drive their digital transformations.

### Leadership change and fresh approach

This refreshed strategic direction is being guided by a new, highly experienced senior leadership team, following the departure of the previous CEO, CFO and CTO in the first half of the year. The newly appointed executives, CFO Andre Gaylard, CTO Russ Bennett (now GM Plexure Division) and Chief Strategy & People Officer Kathryn Byrne, all of whom joined the Company late in the first half are joined by Daniel Houden, former CEO of TASK, who was appointed CEO of the combined Group following the transaction. Daniel was also appointed to the Company's Board along with Bill Crichton, an experienced Australian businessman and long-term advisor to TASK.

### New strategy and restructure focused on long-term sustainable growth

Our half year results highlighted that the Plexure Division's previous "invest to grow" strategy had added sizeable costs to the business at a time where new customer sales were hard to achieve, and existing customer revenue was flat/declining. The acquisition of TASK provided the business with an opportunity to realise Plexure's potential in a different way – utilising the mature TASK capabilities to replace the need for Plexure's ongoing investment in similar capabilities, running Plexure capabilities within TASK's ecosystem to reduce the speed to market and costs, and driving customer growth via TASK's existing base and pipeline. The focus on a subsequent organisational restructure and business transformation has put the Plexure Division back on a path towards profitability.



### Significant TASK progress

The TASK business made a positive EBITDA contribution to the Group for the last six months of the Financial Year and is set up for further growth following leadership investments in the North American team and software development team increases in Poland to assist with the development of new innovations. TASK has seen strong SaaS revenue growth, continued contract extensions and a number of early wins with joint customers such as Pita Pit and TANK where the end-to-end Group capabilities will be delivered.

We highlighted earlier in the year that a significant proportion of new TASK sales growth was impacted by the continued global chip shortage. This has impacted many businesses but has not removed the customer appetite for hardware purchases and we expect this to return in due course.

### Confidence in the Group trajectory in FY23

Brands are continuing to prioritise digital transformations and have identified In-store operations and loyalty as areas with the most need for improved digital solutions. Plexure Group's connected platform strategy aims to simplify and streamline the activities a brand needs to make in order to rapidly transition to this 'new normal'.

The Board and Senior Leadership team are confident that the combination of the progress made on building strong Group foundations and conserving cash position the Group well to capitalise on future growth opportunities.

On behalf of the Board, I would like to sincerely thank our customers, partners, staff and shareholders for your continuing support.

A handwritten signature in dark ink, appearing to read "P. Norman". The signature is fluid and cursive.

Phil Norman, Chairman

23 June 2022

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## CEO's Report

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### Dear Shareholder

**It has been an eventful six months since I started in the CEO role of Plexure Group on 1 October 2021.**

During this time, I am incredibly pleased to report that our focused actions have substantially improved the cost efficiency of the Plexure Division following the restructure in the second half, created strong underlying growth trends of the TASK business, as well as delivered good progress on laying down the framework to unlock the combined Group capabilities.

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#### Key FY22 progress highlights include:

- Plexure Group delivered a 12% increase in revenue to NZD\$32.6m for financial year ending 31 March 2022. This captures a full 12 months of Plexure Division, as well as 6 months of the TASK business.
- Group Recurring Revenue was a significant driver of growth, with \$24.8m for the combined group at the end of March 2022.
- The TASK business has achieved +30% SaaS Annualised Monthly Recurring Revenue growth from March 21 to March 22 to \$7.7m, with a further +32% AMRR increase already locked in FY23 contracts (as at end of May 2022)
- TASK delivered a positive EBITDA contribution to the Group at the same time as making targeted investments for future growth using existing cash flows, including a 178% increase in our Polish software development team headcount in Q4 vs the prior quarter, and the recruitment of an experienced QSR professional to lead the expansion of our TASK North American operations.
- The Plexure Division has stemmed a significant proportion of the cash burn from the previous “invest to grow” strategy through a series of transformation activities, including a 40% reduction in Q4 salary and wage costs versus the prior quarter, saving over \$8.0 million on an annualised basis, at the same time as the platform was operating at record scale
- The creation of an integrated Group Shared Services function is laying the foundations for global improvements.
- As we exit FY22, the Group has a strong cash position with \$13.9m on the balance sheet, an improved monthly EBITDA, a contracted stream of new revenue and a pipeline of further promising prospects.



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#### TASK is primed for growth

I am pleased to report that TASK contributed a positive EBITDA to the Group since it was acquired on 1 October 2021. TASK continues to grow strongly and profitably, with SaaS Annualised Monthly Recurring Revenue (AMRR) as at March 2022 growing by 30% to \$7.7m over the same prior year period. In addition, an incremental 32% increase in AMRR (versus March 2022) is already locked in through signed contracts at the start of FY23. Implementations are already underway to deploy TASK software to these customers, with the revenue being recognised on completion.

As previously reported, the continued global hardware supply chain issues resulted in hardware sales not being realised as planned. However, the customer appetite for hardware purchases remains (albeit delayed), with significant sales of >\$3m already contracted in FY23 and more in the pipeline, with revenue being recognised as the hardware is installed.<sup>1</sup>

To support short-medium term growth, TASK made a number of targeted investments in the final quarter of FY23, including a 178% increase in the Polish software development team headcount versus the prior quarter and the recruitment of an experienced QSR professional to lead the expansion of the TASK North American operations. The growth opportunities enabled by these strategic investments will fall in subsequent financial periods but reinforce that TASK is poised for growth.

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#### Plexure Division on path to profitability

Plexure's recurring revenue increased 11% year on year to \$20.4m, reflecting the continued global growth of the Division's largest customer, McDonald's, where it supports 66 markets and ~10,900 restaurants globally. This support of McDonald's global digital and loyalty-led strategy has led to significant platform usage increases year on year, including a 44% increase in end-users to 323 million and a 28% increase in customer activity, with 147 million actions being made every day of the year.

<sup>(1)</sup> \$0.2m in additional monthly SaaS revenue is contracted with customers and will be recognised across the year as each project is implemented.



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“I am very pleased with the decisive actions we took to transform this business and the great results this is achieving.”

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This level of platform usage growth has historically resulted in significant cost increases within Plexure – for example, IT and Technology costs associated with delivering this significant scale increase have grown \$2.4m (25% versus last year). To date, revenue increases have not matched pace with these costs.

At the Half Year results, the Group announced a significant restructure and cost reduction focus in the Plexure Division, which is delivering results in Q4FY22. Salary and wage costs (staff and contractor) were 40% lower in Q4FY22 compared to the prior quarter, saving over \$8.0 million on an annualised basis. The significant restructure has not limited the Division’s ability to support continued growth in transactions and better service to its largest customer.

Management will take all steps required to ensure that the Plexure Division will be cash positive in FY23.

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#### Group Results

The Group posted an EBITDA level loss of \$15.6m (which included a \$9.2m EBITDA loss in the second half of the year). The net loss after tax for the full year was \$24.1m – reflecting several one-off and in some cases non-cash costs including:

- Amortisation costs in relation to software, customer relationships and brand recognised on the acquisition of TASK and amortised over five years (\$5.7m non-cash).
- Restructure and Leadership turnover (\$1.6m cash)
- Impairment charges recognised in respect of a right of use asset (\$0.7m non-cash) and disposal of intangible assets (\$0.7m non-cash);
- Provisions for doubtful debts in relation to two markets impacted by the war in Ukraine (\$0.3m);
- Non-cash charges in relation to awards made under employee share schemes amounting to \$2.5m;
- Foreign exchange movements resulting from a weakening New Zealand dollar (\$0.2m);

The Group ends the financial year with net cash of NZD\$13.9m.

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#### Outlook

I’m delighted to see the continued and accelerating profitable growth of TASK, reflecting the continued support of our outstanding client base, recent new client wins and a strong demand for our platform. I am incredibly excited to harness the expansion opportunities ahead for TASK, especially in the US market where our new hires are setting up the foundations for scale deployments in America. It’s great to know that we have been able to achieve these outcomes through leveraging existing cash flows from the business.

The legacy structure of the Plexure Division has resulted in an unacceptable loss for the year. However, I am very pleased with the decisive actions we took to transform this business and the great results this is achieving. It is a real credit to the team that we have been able to balance supporting McDonald’s with better customer service; improving platform efficiency whilst spending money where necessary to support record levels of platform usage; all achieved with fewer resources. My number one priority now is to address our legacy commercial contracts to ensure that the Division becomes cash flow positive in the FY23 Financial Year.

I would like to thank all our people, customers, partners and shareholders for their support. I couldn’t be more excited about what the future holds, and I look forward confidently to the profitable and strong growth of the combined business this financial year.



Daniel Houden, CEO

23 June 2022

## 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 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 11 to 37, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, 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 Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, our firm carries out other assignments for the Group in the area of taxation compliance and other tax services. We have no other 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 \$660,000.

#### 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.

**Revenue Recognition (Note 2(c), 2(e) and Note 3)**

The Group's primary revenue arises from licensing and consulting services and totalled \$32.56m (2021: \$29.15m) for the year ended 31 March 2022.

The Group enters into contracts with customers which contain the provision of software licenses and consulting services. The revenue recognition for each element differs based on when the service has been delivered to the customer and is normally after the revenue has been invoiced. This requires the Group to identify the value of the individual services being provided in the service agreements so that it can be allocated to the service in the period when the service is provided (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 when services are delivered.

As part of our audit, for a sample of contracts, we:

- Obtained an understanding of 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 and timing of deferred revenue;
- Evaluated the Group's allocation of revenue to the various services and ensured this has been determined appropriately;
- Checked that the period over which revenue is recognised is consistent with the period over which services are provided; and
- Reperformed the calculation for deferred revenue at balance date based on the contract price, payments made to date, hours charged and the period in which the services are being delivered under the contract are provided.

**Purchase price allocation following the acquisition of Task Retail Pty Ltd (Note 28)**

As disclosed in Note 28, Plexure acquired 100% of Task Retail Pty Ltd for \$118.19m, including \$34.84m of cash and \$83.35m of shares, on 1 October 2021.

The Group recorded the identifiable tangible and intangible assets acquired and liabilities assumed at their fair values at acquisition date. Goodwill was recorded as the excess of the consideration paid over the fair values of the net assets acquired. Management identified intangible assets of \$56.46m and goodwill of \$73.72m at the acquisition date.

We have included the purchase price allocation as a key audit matter because significant judgment and estimates are involved in identifying and determining the fair value of the assets and liabilities acquired.

As part of our audit we:

- Read the sales & purchase agreement to obtain an understanding of the transaction;
- Considered whether the identification and recognition of the intangible assets was consistent with the requirements of NZ IFRS 3 *Business Combinations*, NZ IAS 38 *Intangible Assets* and our understanding of the acquired business;
- Engaged our internal valuation specialists to challenge the intangible assets identified, the valuation methodology applied and the assumptions used in the intangible asset valuations;
- Assessed the allocation of goodwill to the relevant cash generating unit; and
- Considered the adequacy of the business acquisition disclosures in the consolidated financial statements.

**Goodwill impairment (Note 17)**

As disclosed in Note 17, the Group has recognised goodwill of \$73.72m at acquisition date which has been subsequently remeasured to \$75.96m at year end (2021: nil). This was allocated to the Task Cash Generating Unit ('CGU'). The Group is required to perform an annual impairment assessment of goodwill.

The Value-In-Use ('VIU') model used in the goodwill impairment test includes significant judgments. These include forecasting growth rates of revenues, expenses and cashflows over a 5-year period as well as other key inputs such as the discount rate applied and the revenue multiple used in determining the terminal value.

We have included goodwill impairment as a key audit matter because of the significance of the goodwill balance as well as the inherent judgement in assessing goodwill for impairment.

As part of our audit we:

- Tested the calculation of the impairment model including the inputs and mathematical accuracy of the model and comparison to the net assets value;
- Challenged whether forecast revenues, expenses and cashflows and growth rates are supportable by performing the following:
  - Assessing the reliability of management's historical budgets and forecasts by reference to actual performance;
  - Understanding the changes in growth assumptions in the Group's forecasts. We considered these with reference to past performance, changes that have been made within the business and the impact of the current market environment.
- Worked with our internal expert to challenge the methodology utilised by management in their VIU model and to assess the growth rates, discount rates and revenue multiples based on our expert's market and valuation knowledge; and
- Performed sensitivity analysis over management's key assumptions.

## 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and consider further appropriate actions.

## Board of Directors' responsibilities for the consolidated financial statements

The Board of 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 Board of 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 Board of 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 Board of 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

30 May 2022

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 \$'000	2021 \$'000
<b>Revenues</b>			
Revenue from contracts with customers	3	32,556	29,150
Other income	4	223	212
<b>Total revenue and other income</b>		<b>32,779</b>	<b>29,362</b>
<b>Expenses</b>			
Wages and staff costs	5	(26,105)	(17,831)
Contractors		(1,426)	(2,680)
Travel costs		(279)	(126)
Office costs		(937)	(527)
Professional fees	6	(2,920)	(2,413)
Board fees		(555)	(442)
Marketing		(679)	(536)
IT costs	7	(12,034)	(9,337)
Hardware costs		(1,040)	-
Other expenses	8	(2,432)	(451)
Depreciation	15	(1,442)	(627)
Amortisation	16	(7,761)	(1,965)
<b>Operating expenses</b>		<b>(57,610)</b>	<b>(36,935)</b>
Interest expenses		(303)	(127)
<b>Net loss before tax</b>		<b>(25,134)</b>	<b>(7,700)</b>
Income tax (benefit)/expense	9(a)	1,083	(230)
<b>Net loss after tax for the year attributable to the shareholders of the company</b>		<b>(24,051)</b>	<b>(7,930)</b>
<b>Other comprehensive income</b>			
Exchange difference on translating foreign operations	21(b)	3,607	(156)
<b>Total comprehensive loss for the year attributable to the shareholders of the company</b>		<b>(20,444)</b>	<b>(8,086)</b>
<b>Loss per share</b>			
Basic loss per share (cents)	22	(9.15)	(5.23)
Diluted loss per share (cents)	22	(9.15)	(5.23)

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.

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Share capital and treasury stock \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 April 2021</b>		72,383	88	572	(30,618)	42,425
Net loss after tax	23	-	-	-	(24,051)	(24,051)
Exchange differences arising on translating foreign operations	21(b)	-	3,607	-	-	3,607
<b>Total comprehensive profit</b>		-	3,705	-	(24,051)	(20,444)
<i>Transactions with owners</i>						
Shares Issued	21(a)	105,822	-	-	-	105,822
Capital Raising Costs		(1,230)	-	-	-	(1,230)
Shares issued by way of exercising of share options	21(c)	776	-	(259)	-	517
Recognition of share-based payments	21(c)	-	-	2,498	-	2,498
Share-based payments on options vested but not exercised	21(c)	-	-	(138)	138	-
<b>Balance at 31 March 2022</b>		177,751	3,793	2,673	(54,531)	129,588
<b>Balance at 1 April 2020</b>						
		36,816	244	624	(22,690)	14,994
Net loss after tax	23	-	-	-	(7,930)	(7,930)
Exchange differences arising on translating foreign operations	21(b)	-	(156)	-	-	(156)
<b>Total comprehensive profit</b>	-	-	(156)	-	(7,930)	(8,086)
<i>Transactions with owners</i>						
Shares Issued	21(a)	36,602	-	-	-	36,602
Capital Raising Costs		(1,932)	-	-	-	(1,932)
Shares issued by way of exercising of share options	21(c)	897	-	(267)	-	630
Recognition of share-based payments	21(c)	-	-	217	-	217
Share-based payments on options vested but not exercised	21(c)	-	-	(2)	2	-
<b>Balance at 31 March 2021</b>		72,383	88	572	(30,618)	42,425

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 \$'000	2021 \$'000
<b>Asset</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	12,201	40,214
Term deposits	11	1,715	2,139
Income tax receivable	9(b)	38	-
Trade receivables	12	6,807	3,051
Other current assets	13	1,960	693
		22,721	46,097
<b>Less current liabilities</b>			
Trade and other payables	18	6,339	4,047
Income tax payables	9(b)	-	23
Deferred revenue	19	9,299	5,056
Lease liabilities	20	1,294	392
		16,932	9,518
<b>Working capital</b>		5,789	36,579
<b>Non-current assets</b>			
Property, plant & equipment	15	8,892	2,080
Intangible assets	16	57,625	5,282
Goodwill	17	75,961	-
Other non-current assets	13	408	-
		142,886	7,362
<b>Non-current liabilities</b>			
Lease liabilities	20	8,102	1,516
Deferred revenue	19	528	-
Other liabilities		159	-
Deferred tax liability	9(d)	10,298	-
		19,087	1,516
<b>Total net assets</b>		129,588	42,425
<b>Equity</b>			
Share capital and treasury stock	21(a)	177,751	72,383
Foreign currency translation reserve	21(b)	3,695	88
Share-based payment reserve	21(c)	2,673	572
Accumulated losses	23	(54,531)	(30,618)
<b>Total equity</b>		129,588	42,425

Signed on behalf of the Board by:



Phil Norman  
Chairman



Robert Bell  
Director

Dated: 30 May 2022

Dated: 30 May 2022

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 \$'000	2021 \$'000
<b>Operating activities</b>			
<i>Cash was provided from (applied to):</i>			
Receipts from customers		32,425	29,558
Interest received		24	86
Other income		202	126
Payment to suppliers and employees		(48,739)	(32,752)
Income tax paid		(537)	(184)
<b>Net cash outflow from operating activities</b>	26	<b>(16,625)</b>	<b>(3,166)</b>
<b>Investing activities</b>			
<i>Cash was provided from (applied to):</i>			
Term deposit proceeds		424	875
Purchase of property, plant and equipment and intangible assets		(712)	(196)
Capitalised development costs		(2,130)	(3,148)
Business acquisition, net of cash acquired		(29,483)	-
<b>Net cash outflow from investing activities</b>		<b>(31,901)</b>	<b>(2,469)</b>
<b>Financing activities</b>			
<i>Cash was provided from (applied to):</i>			
Issue of ordinary shares		22,990	37,232
Share capital raising cost		(1,230)	(1,932)
Repayment of lease liability		(940)	(369)
Interest paid		(303)	(127)
<b>Net cash inflow from financing activities</b>		<b>20,517</b>	<b>34,804</b>
<b>Net (decrease)/increase in cash held</b>		<b>(28,009)</b>	<b>29,169</b>
Add cash and cash equivalents at start of year		40,214	11,205
Effect of foreign exchange rate changes on cash		(4)	(160)
<b>Cash at bank at end of year</b>	10	<b>12,201</b>	<b>40,214</b>
<b>Comprised of:</b>			
Cash and cash equivalents	10	12,201	40,214

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 1. Corporate Information

The consolidated financial statements of Plexure Group Limited (the Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 30 May 2022.

Plexure Group Limited 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:PX1) and the Australian Securities Exchange (ASX:PX1). The registered office is located at Level 2, 4 Graham Street, Auckland, New Zealand.

The principal activity of the Group is the development and deployment of cloud-based, transactional management and mobile customer engagement solutions that offers Hospitality clients a single solution for all customer interactions. The principal activities of each subsidiary are disclosed in Note 14.

### 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 also comply with International Financial Reporting Standards (IFRS).

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

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated 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 goods and services.

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 thousand (\$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 it is necessary 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 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:

#### *Revenue recognition*

The Group assesses each contract it has in place with its customers to identify performance obligations and to ensure revenue is recognised by making estimates and assumptions of performance against these obligations. Refer to Note 2(e).

#### *Internally generated software*

Determining whether the intangible assets meet the criteria for capitalisation. Refer to Note 2(i).

#### *Impairment*

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. Goodwill is tested annually for impairment whether indicators of impairment exist. Determining whether an assets carrying value exceeds its recoverable amount requires management to make a number of judgements and estimates including future cash flows associated with the assets. Refer to Note 17 for additional information on the impairment testing on Goodwill.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as at 31 March 2022. All subsidiaries are wholly owned and controlled by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and 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 included in operating expenses as incurred.

All intra-group assets and liabilities, equity, income, expenses, including 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, hardware sales and other revenue. Revenue recognition is based on the delivery of performance obligations and an assessment of when control of the product is transferred to the customer. Revenue is recognised either when the contractual performance obligation has been satisfied ('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
Software-as-a-service (SaaS) and Hosting fees (relates to license revenue in Note 3)	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.	<b>Over time</b> 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 (Client Relationship Management) 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.	<b>Over time</b> 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.	<b>Over time/Point in time</b> Recognised when the service is complete or on a stage of completion input basis based on the hours required to finalise the project.
Hardware	Sale of third-party hardware.	Determining when the performance obligation on the sale and delivery of hardware has been completed.	The performance obligation for Hardware is satisfied upon the delivery of each hardware component.	<b>Point in time</b> Recognised when each item of hardware is delivered to the customer.

Deferred revenue relates to income invoiced to customers in advance during a financial period, part of which will be recognised in the Consolidated Statement of Comprehensive Income in subsequent financial periods. Deferred revenue is classified as a current liability when the performance obligation will be met within 12 months of balance date, and non-current when the performance obligation will not be met within 12 months of balance date.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (f) Taxation

### *Current Income Tax*

Current income tax assets and liabilities at the reporting date are measured at the amount expected to be recovered from or paid to the taxation authorities in subsequent financial periods. 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 resulting from 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 Consolidated Statement of Comprehensive Income in income tax expense, or other comprehensive income when it relates to items charged or credited 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 it 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; or
- 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 Company's functional currency. For each subsidiary, the functional currency is determined and items included in the financial statements of each subsidiary 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 the Consolidated Statement of Comprehensive Income 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 exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rates at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income within Other expenses. Tax charges and credits attributable to exchange differences on those monetary items are recorded in Other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency spot exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the functional currency spot 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 spot exchange rate 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 foreign operation is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (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
Leasehold Improvements	2-5 years
Furniture & Fittings	2-14 years
Computer Equipment	3 years

An item of Property, Plant and Equipment 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 and externally developed 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 and externally developed 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 and externally developed intangible asset can be recognised, development expenditure is charged to the Consolidated Statement of Comprehensive Income in the period in which it is incurred.

Subsequent to initial recognition, internally and externally developed intangible assets are reported at cost less accumulated amortisation and impairment, on the same basis as intangible assets acquired separately.

### *Intangible Assets Acquired in a Business Combination*

Intangible assets other than Goodwill acquired in a business combination are identified and recognised separately where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment.

### *Goodwill*

Goodwill acquired in a business combination is initially measured at the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition.

Following initial recognition, Goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing Goodwill acquired in a business combination is, from the acquisition date, allocated across the acquiree's cash-generating units or unit.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the Goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When Goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the Goodwill associated with the operation disposed of is included in the carrying amount of the operation based on the relative values of the operation disposed of and the portion of the cash-generation unit retained. Impairment losses recognised on Goodwill are not subsequently reversed.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of Goodwill is included in the determination of the profit or loss on disposal.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## Amortisation

Except for Goodwill, intangible assets are amortised on a straight-line basis in the Consolidated Statement of Comprehensive Income over their useful lives, from the date that they are acquired and available for use. The estimated useful lives are as follows:

Category	Estimated useful life
Software	2-5 years
Brand	5 years
Customer Relationships	5 years
Trademarks	10 years

## (j) Impairment of Non-Financial Assets

At each reporting 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 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 the Consolidated Statement of Comprehensive Income 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 an original maturity between three and 12 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 21(d). 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 the NZ 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 based on the number of days past due. The expected credit loss allowance has been calculated by considering the impact of the following characteristics:

- An assessment of the financial strength of each customer based on the relative risk related of the country, customer and market characteristics; and
- The age of each invoice and application of increasing expected credit loss estimate as the trade receivable ages.

Accounts receivable balances are written off when they are no longer recoverable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (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 respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and these 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 the reporting date.

## (r) Lease assets and liabilities

Leases are recognised as a right of use asset (lease asset), with a corresponding lease liability, at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and interest expenses on lease liabilities. The interest expenses on lease liabilities is charged to the Consolidated Statement of Comprehensive Income over the lease period. The lease asset is depreciated over the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

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

## (s) 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 Consolidated 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.

## (t) 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 Consolidated Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## (u) Adoption of New Revised Standards and Interpretations

No new standards or interpretations that are effective for the 31 March 2022 reporting period have had a material impact on the Group in the current period.

There are no other standards or amendments that have been issued, but are not yet effective, that are expected to have a material impact on subsequent reporting periods.

## (v) Changes to Comparatives

Certain comparative information has been restated or reclassified, to conform with the current period's presentation. The Group has changed the presentation, including comparative information, of:

- 'Trade receivables' are presented separately from 'Other current assets' within the Consolidated Statement of Financial Position; and
- Costs associated with the share-based payments are now presented within 'Wages and staff costs' within the Consolidated Statement of Comprehensive Income, whereas these were previously presented in 'Other expenses'. This change was made to better reflect the nature of the share-based payments, and resulted in a decrease in the 31 March 2021 Other expenses by \$216 thousand, with an offsetting increase to Wages and staff costs.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 3. Revenue from contracts with customers

	2022 \$'000	2021 \$'000
License revenue <sup>(1)</sup>	23,975	18,315
Consulting revenue	7,301	10,835
Hardware sales	1,280	-
	32,556	29,150

<sup>(1)</sup> License 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 19.

Refer to Note 25 for revenue by segment.

## 4. Other income

	2022 \$'000	2021 \$'000
Interest income	21	86
Other income	202	126
	223	212

## 5. Wages and staff costs

	2022 \$'000	2021 \$'000
Salaries and employee benefits (less capitalised)	21,680	16,323
Share-based payments <sup>(1)</sup>	2,498	216
Retirement benefits	714	452
Other staff costs	1,213	840
	26,105	17,831
<i>Permanent staff numbers as at 31 March</i>	139	141

<sup>(1)</sup> Refer to Note 21(d) for more information on the share-based payments.

## 6. Professional fees

	2022 \$'000	2021 \$'000
Auditors' fees for audit of the financial statements	123	71
Auditors' other fees:		
Taxation compliance services	71	18
Other tax services <sup>(1)</sup>	30	26
Ancillary assurance services related to ASX Initial Public Offering	-	37
Professional services related to ASX Initial Public Offering	9	1,198
Accounting advisory services and systems	483	147
Statutory audit of a foreign subsidiary	91	22
Consultancy services	1,459	708
Legal expenses	654	186
	2,920	2,413

<sup>(1)</sup> Other tax services relate to transfer pricing documentation and R&D tax credit application.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 7. IT costs

	2022 \$'000	2021 \$'000
Platform hosting	8,564	6,759
Support and maintenance	3,109	2,220
License	291	210
Other IT expenses	70	148
	12,034	9,337

## 8. Other expenses

	2022 \$'000	2021 \$'000
Listing expenses	503	273
Foreign exchange loss	183	150
Loss allowance/(recovery) on trade receivables	337	(9)
Loss on disposal and modification of property, plant & equipment, and intangible assets	675	4
Impairment of property, plant & equipment	676	-
Other	58	33
	2,432	451

## 9. Tax

The major components of income tax expense for the years ended 31 March 2022 and 2021 are:

### (a) Consolidated Statement of Comprehensive Income:

	2022 \$'000	2021 \$'000
<i>Current income tax:</i>		
Current income tax expense	(146)	(66)
Withholding tax not recognised	(167)	(164)
Deferred tax expense	1,396	-
Income tax reported in the Consolidated Statement of Comprehensive Income	1,083	(230)

### (b) Current tax assets and liabilities

	2022 \$'000	2021 \$'000
RWT (payable)/receivable	(92)	2
Current tax receivable/(payable)	130	(25)
	38	(23)



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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

	2022 \$'000	2021 \$'000
Net loss before tax	(25,134)	(7,700)
At the New Zealand statutory income tax rate of 28%	7,038	2,156
Non-deductible expenses	(948)	(493)
Future benefit of tax losses not recognised	(4,785)	(1,758)
Deferred tax adjustment	94	-
Effect of difference in overseas tax rates	(149)	29
Foreign withholding tax expenses	(167)	(164)
Income tax expense reported in the Consolidated Statement of Comprehensive Income	1,083	(230)

## (d) Deferred Tax

The Group has estimated gross tax losses of \$38.7 million at balance date (2021: \$21.6 million). 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 \$10.9 million measured at 28% (2021: \$6.0 million). The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Property, plant and equipment \$'000	Intangible assets \$'000	Provisions & accruals \$'000	Tax Losses \$'000	Total \$'000
At 1 April 2021	-	(477)	(74)	551	-
Recognition of deferred tax on business combination	(89)	(11,611)	324	-	(11,376)
Foreign exchange differences	(2)	(325)	9	-	(318)
Recognised in profit and loss	19	1,241	56	80	1,396
At 31 March 2022	(72)	(11,172)	315	631	(10,298)
At 1 April 2020	-	(483)	(147)	630	-
Recognised in profit and loss	-	6	(73)	(79)	
At 31 March 2021	-	(477)	(74)	551	-

## (e) Imputation Credit Account Balances

	2022 \$'000	2021 \$'000
Balance as at 31 March	4	2

## 10. Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash and cash and cash equivalents as at 31 March	12,201	40,214
<i>Denominations in:</i>		
New Zealand Dollars (NZD)	2,786	36,747
Australian Dollars (AUD)	1,572	2,057
United States Dollars (USD)	6,230	386
Japanese Yen (JPY)	1,507	983
Polish zloty (PLN)	67	-
Great British Pounds (GBP)	39	41
	12,201	40,214

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 11. Term deposits

	2022 \$'000	2021 \$'000
Term deposits as at 31 March	1,715	2,139

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

## 12. Trade receivables

	2022 \$'000	2021 \$'000
Accounts receivable	7,268	3,051
Provision for expected credit loss	(461)	-
	6,807	3,051

The aging profile of accounts receivable are as follows:

	2022 \$'000	2021 \$'000
1-29 days	2,882	1,633
30-59 days	629	233
60-89 days	2,567	1,137
90 days and older	1,190	48
	7,268	3,051

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 \$7.2 million, \$3.7 million is showing as past due (2021: \$1.4 million).

Accounts receivable are split into revenue categories as follows:

License revenue	5,367	2,021
Consulting revenue	897	1,030
Hardware sales	1,004	-
	7,268	3,051

## 13. Other assets

	2022 \$'000	2021 \$'000
<i>Other assets – current:</i>		
Prepayments and other receivables	1,072	627
Accrued income	488	66
Inventory	400	-
	1,960	693
<i>Other assets – non-current:</i>		
Prepayments and other receivables	408	-
	408	-

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 14. Investments in subsidiaries

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

Name	Equity Interest		Balance date	Country of incorporation	Principal activity
	2022	2021			
Plexure Limited	100%	100%	31 March	New Zealand	Trading entity
VMob IP Limited	100%	100%	31 March	New Zealand	Holder of IP assets
VMob UK Limited	100%	100%	31 March	United Kingdom	Trading entity
Plexure USA Limited	100%	100%	31 March	USA	Trading entity
Plexure KK	100%	100%	31 March	Japan	Trading entity
Plexure Holdings Pty Ltd	100%	-	31 March	Australia	Non-trading entity
Plexure Australia Pty Ltd	100%	-	31 March	Australia	Non-trading entity
TASK Retail Technology Pty Ltd	100%	-	31 March	Australia	Trading entity
TASK Retail Technology LLC	100%	-	30 June	USA	Trading entity
TASK Retail Technology USA LLC	100%	-	31 March	USA	Non-trading entity
TASK Retail NZ Pty Limited	100%	-	31 March	Australia	Trading entity
TASK Retail Technology PN Sp. z.o.o	100%	-	30 June	Poland	Trading entity
TASK Retail Pty Ltd	100%	-	31 March	Australia	Non-trading entity
TASK Software Pty Ltd	100%	-	31 March	Australia	Non-trading entity

On 1 October 2021, the Company acquired TASK Retail Pty Ltd and associated subsidiaries. Refer to Note 28 for further information on the acquisition.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 15. Property, Plant & Equipment

	Leasehold Improvements \$'000	Furniture & Fittings \$'000	Computer Equipment \$'000	Right of use asset \$'000	Total \$'000
<b>Year ended 31 March 2022</b>					
Opening book value	44	71	303	1,662	2,080
Additions	34	4	223	7,214	7,475
Acquisition	12	285	187	1,037	1,521
Modification	-	-	-	(51)	(51)
Disposal	-	(9)	(6)	-	(15)
Impairment <sup>(1)</sup>	-	-	-	(676)	(676)
Depreciation	(23)	(73)	(283)	(1,063)	(1,442)
Closing net book value	67	278	424	8,123	8,892

### As at 31 March 2022

Cost	106	405	1,085	10,509	12,105
Accumulated impairment	-	-	-	(676)	(676)
Accumulated depreciation	(39)	(127)	(661)	(1,710)	(2,537)
Net book value	67	278	424	8,123	8,892

	Leasehold Improvements \$'000	Furniture & Fittings \$'000	Computer Equipment \$'000	Right of use asset \$'000	Total \$'000
<b>Year ended 31 March 2021</b>					
Opening book value	24	131	319	2,038	2,512
Additions	31	1	168	-	200
Disposal	-	(1)	(4)	-	(5)
Depreciation	(11)	(60)	(180)	(376)	(627)
Closing net book value	44	71	303	1,662	2,080

### As at 31 March 2021

Cost	60	229	692	2,258	3,239
Accumulated depreciation	(16)	(158)	(389)	(596)	(1,159)
Net book value	44	71	303	1,662	2,080

<sup>(1)</sup> Impairment on the Right of use asset relates to a commercial property lease that is not being fully utilised.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 16. Intangible assets

	Software \$'000	Customer Relationships \$'000	Brand \$'000	Trademarks \$'000	Total \$'000
<b>Year ended 31 March 2022</b>					
Opening book value	5,282	-	-	-	5,282
Additions <sup>(1)</sup>	2,687				2,687
Acquisition	43,841	8,920	3,704	18	56,483
Disposal	(663)	-	-	-	(663)
Amortisation	(6,486)	(900)	(374)	(1)	(7,761)
Foreign exchange difference	1,238	254	104	1	1,597
Closing net book value	45,899	8,274	3,434	18	57,625

### As at 31 March 2022

Cost	63,662	9,190	3,815	19	76,686
Accumulated amortisation	(17,763)	(916)	(381)	(1)	(19,061)
Net book value	45,899	8,274	3,434	18	57,625

	Software \$'000	Customer Relationships \$'000	Brand \$'000	Trademarks \$'000	Total \$'000
<b>Year ended 31 March 2021</b>					
Opening book value	4,099	-	-	-	4,099
Additions <sup>(1)</sup>	3,148	-	-	-	3,148
Disposal	-	-	-	-	-
Amortisation	(1,965)	-	-	-	(1,965)
Foreign exchange difference	-	-	-	-	-
Closing net book value	5,282	-	-	-	5,282

### As at 31 March 2021

Cost	16,904	-	-	-	16,904
Accumulated amortisation	(11,622)	-	-	-	(11,622)
Net book value	5,282	-	-	-	5,282

<sup>(1)</sup> Included in software additions is \$269 thousand of external costs capitalised (2021: \$344 thousand).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 17. Goodwill

	2022 \$'000	2021 \$'000
Opening book value	-	-
Acquisitions	73,724	-
Impairment	-	-
Foreign exchange difference	2,237	-
Closing net book value	75,961	-
As at 31 March		
Cost	75,961	-
Accumulated impairment	-	-
Closing net book value	75,961	-

Goodwill represents the excess of purchase consideration over the fair value of the net assets acquired in a business combination and is allocated to cash-generating units (CGUs), which are the lowest level of assets that generate cash inflows and that are largely independent of the cash inflows of other assets.

The Goodwill balance relates to the acquisition of TASK (refer to Note 28 for additional information) during the year ended 31 March 2022. Management has determined that TASK is comprised of a single CGU, and therefore the Goodwill balance is allocated to the single TASK CGU.

Goodwill is not amortised and is tested for impairment at least annually irrespective of whether there is any indication of impairment. After initial recognition, Goodwill is measured at cost less any accumulated impairment losses. An impairment loss is recorded if the recoverable amount of an asset is less than its carrying amount. A CGU's recoverable amount is determined by assessing its Value in Use.

In assessing Value in Use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The discount rate is determined using the Capital Asset Pricing Model (CAPM) methodology of determining the weighted average cost of capital (WACC), using market specific inputs. A pre-tax WACC of 10.0% was used, equivalent to a post-tax WACC of 7.5%, for the impairment test as at 31 March 2022. The model is moderately sensitive to changes in the WACC rate. An increase in the WACC of 2.5% would give rise to an impairment.

Future cash flows are forecast based on a five year business model for the CGU. The forecast financial information is based on both past experience and future expectations of the CGU's performance and required judgements to be made as to revenue growth, operating cost projections and the market environment. Actual results may be substantially different. The terminal value included in the model has been determined based on a weighted average multiple of 4.0x across the different revenue streams. The model is sensitive to changes in the terminal multiples used.

As at 31 March 2022, Management has determined that the Value in Use for the TASK CGU exceeds the carrying amount, including goodwill, and there is no impairment.

## 18. Trade and other payables

	2022 \$'000	2021 \$'000
Accounts payable	2,536	936
Accruals	3,314	2,558
Other payables	489	553
	6,339	4,047

Normal credit terms are 20th of the following month.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 19. Deferred revenue

	2022 \$'000	2021 \$'000
<i>Deferred revenue – current</i>		
Deferred license revenue	6,407	4,966
Deferred consulting revenue	1,495	90
Deferred hardware revenue	1,397	-
	<u>9,299</u>	<u>5,056</u>
<i>Deferred revenue – non-current</i>		
Deferred license revenue	3	-
Deferred consulting revenue	525	-
	<u>528</u>	<u>-</u>

## 20. Lease liabilities

	2022 \$'000	2021 \$'000
The maturity of lease liabilities is as follows:		
Less than one year	1,294	392
One to two years	1,458	413
Two to three years	1,215	437
Three to four years	998	464
Four to five years	846	202
More than five years	3,585	-
	<u>9,396</u>	<u>1,908</u>

The total interest expense on lease liabilities for the year ended 31 March 2022 amounted to \$301,402 (2021: \$127,237).

As at 31 March 2022, the undiscounted lease liability is \$11.3 million (2021: \$2.2 million).

The Group has commitments to additional leases that have not yet commenced. The estimated lease liability on these committed leases is \$1.6 million.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 21. Share capital 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

	Shares	\$'000
Balance as at 31 March 2020	139,938,658	36,816
Issue of ordinary share - Employee share option scheme	2,788,032	896
Issue of ordinary share - Placement on ASX <sup>(1)</sup>	26,548,673	29,671
Issue of ordinary share - Share purchase plan <sup>(2)</sup>	4,166,666	5,000
Balance as at 31 March 2021	173,442,029	72,383
Issue of ordinary share - Employee share option scheme	2,998,499	776
Issue of ordinary share - Private Placement <sup>(3)</sup>	39,999,993	19,621
Issue of ordinary share - TASK acquisition <sup>(4)</sup>	134,433,962	83,349
Issue of ordinary share - TASK acquisition costs <sup>(5)</sup>	2,707,896	1,622
Balance as at 31 March 2022	353,582,379	177,751

<sup>(1)</sup> On 25 November 2020 a foreign exempt listing of Plexure on ASX commenced. Together with the listing a private placement of \$31.6 million (\$29.7 million net of capital raising costs) or 26,548,673 new shares was made.

<sup>(2)</sup> On 27 November 2020 Plexure issued new shares via a share purchase plan. Total of 4,166,666 was issued at a price of \$NZ1.20 for total consideration of \$5 million.

<sup>(3)</sup> On 29 September 2021 a private placement of \$20.9 million (\$19.6 million net of capital raising costs) or 39,999,993 new shares were made.

<sup>(4)</sup> On 1 October 2021 \$83.3 million worth of shares were issued as part of the consideration for the acquisition of TASK. Refer to Note 28 for further information on the TASK acquisition.

<sup>(5)</sup> On 1 October 2021 \$1.6 million worth of shares were issued to Latimer Partners in relation to the acquisition of TASK. These shares were payment for services rendered during the acquisition process, however they do not form part of the total consideration paid for TASK. The fair value of the shares was determined based on the fair value of the equity instruments on acquisition date.

### (b) 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.

	2022 \$'000	2021 \$'000
Balance at the beginning of year	88	244
Exchange differences arising on translating the foreign operations	3,607	(156)
Balance at the end of year	3,695	88



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (c) 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 Consolidated Statement of Comprehensive Income. As at balance date executives and employees have options over 28,302,828 shares (2021: 5,382,114).

	Shares	\$'000
Balance at the beginning of year	572	624
Share-based payment	3,061	294
Writeback of share-based payment expired but not vested	(563)	(77)
Options not exercised written to retained earnings	(138)	(2)
Options exercised	(259)	(267)
Balance at the end of year	2,673	572

## (d) Share-based payments

Options are granted to senior managers and staff to purchase shares in the company if specific criteria are fulfilled. As at 31 March 2022, the Group operates three separate share-based payment plans:

### Employee Share Option Scheme (ESOS)

Share options issued under the ESOS arrangement allow senior managers and staff to purchase shares at a fixed amount after a set vesting period. ESOS 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 ESOS options is five calendar years from the date of issue. All ESOS options are to be delivered by physical delivery of shares upon payment of the exercise price.

### Restricted Share Units (RSU)

Share options issued under the RSU arrangement allocates shares to selected senior managers and staff after both performance and employment criteria have been met. RSU options vest in three equal tranches if the associated performance metrics have been achieved, one third on each of the first, second and third anniversaries of the grant. The contractual life of all RSU options is five calendar years from the date of issue. All RSU options are to be delivered by physical delivery of shares.

### Long Term Incentive (LTI)

As part of the TASK acquisition, 20,090,846 ordinary shares were allocated to TASK staff and contractors. Under the LTI the TASK employees are allocated shares after a fixed vesting period. LTI options vest as one tranche on the third anniversary of the grant. The contractual life of all LTI options is five calendar years from the date of issue. All LTI options are to be delivered by physical delivery of shares.

Grant date	Share Plan	Personnel entitled	Number of instruments as at 31 March 2022
10 January 2018	ESOS	Senior management and staff	6,668
28 May 2019	ESOS	Staff	6,667
3 June 2021	ESOS	Senior management	41,051
1 October 2021	LTI	Staff	19,986,024
21 December 2021	ESOS	Senior management and staff	4,442,719
21 December 2021	RSU	Senior management and staff	3,819,699
Total Share-based awards			28,302,828

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (d) Share-based payments (continued)

The number and average exercise price (in cents per share) of the share options are as follows:

	2022		2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April		5,382,114		7,900,687
Exercised during the year	0.17	(2,998,499)	0.23	(2,788,032)
Granted during the year	0.07	30,304,922	0.61	1,341,138
Forfeited during the year	0.50	(3,915,615)	0.41	(1,071,679)
Lapsed during the year	0.63	(470,094)		-
Outstanding at 31 March		28,302,828		5,382,114

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 & Share-based payment plan	21-Dec-21 RSU	21-Dec-21 ESOS	1-Oct-21 LTI
Estimated fair value per option at grant date	47.5 cents	24.7 cents	61.0 cents
Exercise price per share	-	30.6 cents	-
Expected volatility	60%	60%	65%
Option life from date of grant	5 years	5 years	5 years
Risk free interest rate	1.90%	1.90%	2.10%

Issue date & Share-based payment plan	3-Jun-21 LTI	28-May-19 ESOS	10-Jan-18 ESOS
Estimated fair value per option at grant date	34.1 cents	29.5 cents	9.5 cents
Exercise price per share	71.4 cents	62.2 cents	19.3 cents
Expected volatility	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years
Risk free interest rate	0.76%	1.70%	4.00%

Expected volatility was estimated by reference to the Plexure's historical volatility over a period equal to the vesting term of each share plan.

## 22. Loss Per Share

The loss of \$24.1 million (2021: loss of \$7.9 million) for the year represented by loss per share shown below based on weighted average ordinary shares on issue during the year.

	2022	2021
Weighted average ordinary shares issued	262,990,125	151,523,779
Weighted average potential shares	13,583,878	7,663,116
Weighted average number of shares for diluted loss per share	276,574,004	159,186,895
Basic loss per share (cents)	(9.15)	(5.23)
Diluted loss per share (cents)	(9.15)	(5.23)

## 23. Accumulated losses

	2022 \$'000	2021 \$'000
Balance at the beginning of year	(30,618)	(22,690)
Share based payments on expired options	138	2
Net loss for the year	(24,051)	(7,930)
Balance at the end of year	(54,531)	(30,618)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 24. Related Party Transactions

### Directors

At reporting date, the Directors of the Company controlled 1% (2021: 2%) of the voting shares in the Company.

		2022	2021
<b>Phil Norman</b>	Director and Committee fees (\$)	95,000	95,000
	Consulting fees (\$)	60,000	30,000
	Payables (\$)	9,104	9,129
	Shareholding (#)	3,194,405	3,194,405
	Shares (%)	0.90	1.84
	Sales to related party (\$)	151,828	174,039
	Purchases from related party (\$)	640	629,935
<b>Robert Bell</b>	Director and Committee fees (\$)	60,000	60,000
	Consulting fees (\$)	15,000	10,000
	Payables (\$)	5,000	5,000
	Shareholding (#)	-	-
	Shares (%)	-	-
<b>Bill Crichton</b> <i>Appointed 1 October 2021</i>	Director and Committee fees (\$)	25,000	-
	Payables (\$)	4,167	-
	Shareholding (#)	200,000	-
	Shares (%)	0.06	-
<b>Daniel Houden</b> <i>Appointed 1 October 2021</i> <i>Remunerated as Chief Executive</i>	Salary and bonus (CEO) (\$)	275,000	-
	Director fees (\$)	-	-
	Shareholding (#)	-	-
	Shares (%)	-	-
<b>Sharon Hunter</b>	Director and Committee fees (\$)	50,000	50,000
	Payables (\$)	4,792	4,792
	Shareholding (#)	100,000	-
	Shares (%)	0.03	-
<b>Jack Matthews</b>	Director and Committee fees (\$)	50,000	50,000
	Payables (\$)	4,167	4,167
	Shareholding (#)	100,000	-
	Shares (%)	0.03	-
<b>Brian Russell</b>	Director and Committee fees (\$)	50,000	50,000
	Payables (\$)	4,792	5,373
	Shareholding (#)	100	-
	Shares (%)	-	-
<b>Craig Herbison</b> <i>Resigned 4 August 2021</i> <i>Remunerated as Chief Executive</i>	Salary and bonus (CEO) (\$)	1,079,784	647,216
	Director fees (\$)	-	-
	Shareholding (#)	1,310,333	-
	Shares (%)	0.37	-
<b>Other Related Parties</b>		<b>2022</b>	<b>2021</b>
<b>Kym and Jennifer Houden</b>	Shareholding (#)	124,223,130	-
	Shares (%)	35.24	-
	Purchases from related party (\$) <sup>(1)</sup>	151,985	-
	Payables (\$)	31,041	-

<sup>(1)</sup> Purchases relate to rental payments for commercial office space.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 24. Related Party Transactions (continued)

### 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 directors, 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 21(d)). The following table summarises remuneration paid to key management personnel and directors:

	2022 \$'000	2021 \$'000
Directors' fees <sup>(1)</sup>	330	305
Directors' consulting fee	75	40
Senior Managers' salary and bonus	3,045	2,351
Share based payments	187	230
	<u>3,637</u>	<u>2,926</u>

<sup>(1)</sup> Directors' fees differ to the amount in the Consolidated Statement of Comprehensive Income as that figure includes Directors' and Officers' insurance.

## 25. Segmental reporting

The Chief Executive and members of the executive management team are the Group's chief operating decision makers. After the acquisition of TASK (refer to Note 28), management have determined that the Group has two operating segments (2021: one operating segment) relating to the two distinct product offerings.

The two business segments are:

- Customer Relationship Management (CRM); This is the cloud-based customer management and analytics solution that is offered via the Plexure brand. The solution enables retailers to engage with consumers in real time using connected devices.
- Point of Sale (POS); This is the cloud based, single source POS solution that is offered via the TASK brand.

The only data that is currently reviewed by management at the segment level is the revenue. Assets, costs and funding are currently analysed at the group level for decision making.

Year ended 31 March 2022 <sup>(1)</sup>	CRM \$'000	POS <sup>(2)</sup> \$'000	Total \$'000
License revenue	20,355	3,620	23,975
Consulting revenue	5,800	1,501	7,301
Hardware sales	-	1,280	1,280
	<u>26,155</u>	<u>6,401</u>	<u>32,556</u>

<sup>(1)</sup> No comparative information has been presented as the group consisted of only one segment (CRM) in the prior year, which is represented by the Consolidated Statement of Comprehensive Income.

<sup>(2)</sup> The POS segment is associated with the acquisition of TASK which occurred on 1 October 2021. The above revenue figures represent revenue from acquisition date to 31 March 2022.

One customer contributes over 10% of total revenues.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 26. Reconciliation of Operating Cash Flows

Reconciliation from the net loss after tax to the net cash from operating activities.

	2022 \$'000	2021 \$'000
Net loss after tax	(24,051)	(7,930)
<i>Adjustments for non-cash items</i>		
Amortisation	7,761	1,965
Depreciation	1,442	627
Impairment	67	-
Recognition of share-based payments	2,498	217
Loss on disposal	729	4
Net foreign exchange loss	183	-
	<b>13,289</b>	<b>2,813</b>
<i>Movements in working capital</i>		
(Increase)/decrease in trade receivables and other assets	(1,858)	1,462
Increase/(decrease) in trade and other payables	(5,905)	1,248
Increase/(decrease) in deferred revenue	1,597	(886)
	<b>(6,166)</b>	<b>1,824</b>
Interest paid	303	127
<b>Net cash outflow from operating activities</b>	<b>(16,625)</b>	<b>(3,166)</b>

## 27. Financial Risk Management

The Group is subject to a number of financial risks including liquidity, credit, 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 21 and 23.

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 Group's 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 27. Financial Risk Management (continued)

### (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 2022, the Group's transactions were in New Zealand dollars, Australian dollars, United States dollars, Japanese yen, Polish zloty, 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.

	Carrying amount \$'000	2022 +/- 10% effect on profit before tax \$'000	+/- 10% effect on equity \$'000	Carrying amount \$'000	2021 +/- 10% effect on profit before tax \$'000	+/- 10% effect on equity \$'000
<b>Financial assets</b>						
<i>Cash and cash equivalents</i>						
USD	6,230	623	623	386	39	39
AUD	1,572	157	157	2,057	206	206
JPY	1,507	151	151	983	98	98
PLN	67	7	7	-	-	-
GBP	39	4	4	41	4	4
<i>Trade receivables</i>						
USD	5,181	518	518	2,963	296	296
AUD	2,087	209	209	-	-	-
JPY	-	-	-	88	9	9
<b>Financial liabilities</b>						
<i>Trade payables</i>						
USD	428	42	42	333	33	33
AUD	803	80	80	94	9	9
PLN	157	16	16	-	-	-
EUR	-	-	-	11	1	1
JPY	175	18	18	8	1	1
GBP	1	-	-	-	-	-

### (d) Credit Risk

Credit risk refers to the risk that a counterparty 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:

	2022 \$'000	2021 \$'000
Cash, cash equivalents and term deposits	13,849	42,353
Accounts receivable	7,335	3,051

At 31 March 2022, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 27. Financial Risk Management (continued)

### (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.

## 28. Business Combinations

On 1 October 2021 Plexure acquired 100% of the ordinary shares in the restaurant point-of-sale provider TASK, for a consideration of \$35.1 million cash, and \$83.3 million in ordinary shares of Plexure Group Limited. An additional \$12.5 million may be issued to the employees of TASK as part of a Long-Term Incentive scheme if certain conditions are met (refer to Note 21(d) for additional information). Acquisition costs recognised within Operating expenses amounted to \$1.3 million.

Goodwill of \$73.7 million has been recognised because TASK's expertise and technology will enable future growth through customer diversification and additional opportunities created by combining software solutions.

TASK contributed \$6.4 million in operating revenue and \$5.7 million in net loss for the year ended 31 March 2022. If the acquisition had occurred on 1 April 2021, management estimates that there would have been an additional \$19.5 million in operating revenue. Management believe it is impracticable to estimate the impact on profit had the acquisition occurred on 1 April 2021 due to levels of uncertainty surrounding shared services costs and alternative business decisions that would have occurred.

The following values are recognised in the financial statements in respect of the TASK acquisition:

	1 October 2021 \$'000
<b>Assets acquired and liabilities assumed</b>	
Cash and cash equivalents	5,485
Trade receivables	2,494
Property, plant, and equipment	1,493
Software	43,841
Customer relationships	8,920
Brand	3,704
Goodwill	73,724
Other assets	1,282
Trade payables	(4,701)
Deferred revenue	(3,096)
Deferred tax liability	(11,376)
Other liabilities	(3,360)
<b>Net assets acquired</b>	<b>118,410</b>
<b>Consideration transferred</b>	
Cash	35,061
Shares issued	83,349
<b>Total Consideration</b>	<b>118,410</b>

The acquired software, customer relationships and brand have been determined to have useful lives of five years.

## 29. Events after reporting period

No material events occurred after the reporting period.

# NZX Governance Report

For the year ended 31 March 2022

## Corporate Governance Statement

The Board of directors (Board) and management of Plexure Group Limited (Plexure or the Company) are committed to upholding a high standard of corporate governance and ethical conduct.

Plexure trades on the NZX Main Board. The Company commenced quotation on the Australian Securities Exchange ("ASX") in a foreign exempt listing on 25 November 2020. Pursuant to ASX Listing Rule 1.15.3, the Company confirms that it continues to comply with the NZX Listing Rules.

Plexure's Board are responsible for the Board and Committee charters and Corporate Governance Policies, which are available on Plexure's website at [www.plexure.com/investors/#policies](http://www.plexure.com/investors/#policies). The Board will ensure all charters and policies have been reviewed in the coming financial year.

The Board considers that, as at 31 March 2022, the Company complied with the recommendations set by the NZX Corporate Governance Code 2020.

## Principle 1: Code of Ethical Behaviour

*"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed 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 the Company does business. The purpose of the Code is to ensure high standards of ethical conduct are followed by setting out 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 their actions and decisions against the backdrop of the principles and spirit of the Code and always aim to act consistently with that.

### 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 ongoing compliance with all regulatory market requirements. Plexure's Securities Trading Policy is a critical part of this commitment and of ensuring Plexure personnel are aware of their obligations and legal requirements for trading in Plexure securities. The Plexure Securities Trading Policy was reviewed, updated and approved by the Board in March 2022.

## 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 Board Charter sets out how the Plexure Board exercises and discharges its powers and responsibilities, including through committees established by the Board. The Board Charter defines and prescribes the relationship between the Board, the Chief Executive Officer (CEO), and Senior Managers.

The Board's objective is to protect and enhance shareholder value. The Board has statutory responsibility for the affairs and activities of the Company, which in practice is achieved through delegation to the CEO 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."*

Responsibility for Plexure's procedures for nominating and appointing directors sits with the Remuneration Committee. One third of the Directors stand for re-election at each Annual Shareholder Meeting (ASM) and directors appointed by way of casual vacancy must be elected by shareholders at the first ASM following their appointment. From time-to-time the Company 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 the Company's expectations for the role of director.



# NZX Governance Report

For the year ended 31 March 2022

## 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 (9 years, 7 months)
Sharon Hunter	Independent	27 November 2015 (6 years, 4 months)
Brian Russell	Independent	27 October 2017 (4 years, 5 months)
Robert Bell	Independent	8 April 2019 (3 years)
Jack Matthews	Independent	1 July 2019 (2 years, 9 months)
Bill Crichton	Independent	1 October 2021 (6 months)
Daniel Houden	Executive Director and CEO	1 October 2021 (6 months)
Craig Herbison	Executive Director and ex-CEO	Resigned 4 August 2021 — 1 June 2018 (3 years, 2 months)

Directors disclosed the following relevant interests in shares as at 31 March 2022.

Director	Beneficially	Associated Persons
Phil Norman	3,194,405	1,409,362
Bill Crichton	200,000	-
Sharon Hunter	100,000	-
Jack Matthews	100,000	-
Brian Russell	100	-

## Board and Committee attendance

Board and Committee meetings are held in person and/or by videoconference. The table below sets out Director attendance at these meetings during the year ending 31 March 2022.

Director attendance	Board	Audit & Risk Committee	Remuneration Committee
Phil Norman <sup>1</sup>	12/13 <sup>*</sup>	3/3	1/1
Robert Bell	13/13 <sup>*</sup>	3/3	1/1 <sup>**</sup>
Bill Crichton <sup>2</sup>	6/6	-	-
Daniel Houden <sup>2</sup>	6/6	-	-
Sharon Hunter	13/13	3/3	1/1
Jack Matthews <sup>4</sup>	13/13	2/3 <sup>**</sup>	1/1
Brian Russell <sup>4</sup>	13/13	2/3 <sup>**</sup>	1/1
Craig Herbison <sup>3</sup>	3/4	-	1/1 <sup>**</sup>

<sup>\*</sup> The Board appointed a sub-committee of two directors to authorise the Interim Report and market release after considering additional analysis requested by the Board.

<sup>\*\*</sup> Non-member attending a committee meeting.

<sup>1</sup> Phil Norman did not attend one Board meeting due to personal circumstances.

<sup>2</sup> Bill Crichton and Daniel Houden were appointed to the Board on 1 October 2021. Bill Crichton is an independent director and Daniel Houden is an executive director and the Chief Executive Officer.

<sup>3</sup> Craig Herbison resigned as a Director and Chief Executive Officer on 4 August 2021.

<sup>4</sup> The RemCo meeting was adjourned and recommenced on a later date. Jack Matthews attended the first part of the meeting and provided written comments prior ahead of recommenced meeting, which he was unable to attend. Brian Russell was unable to attend the first part of the meeting but attended the recommenced meeting.

# NZX Governance Report

For the year ended 31 March 2022

## 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.”*

The Board believe that diversity goes beyond gender and ethnicity and that diversity is the key to succeeding in a fast-changing world. 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. The effectiveness of the Diversity Policy is reviewed and monitored by the Remuneration Committee annually.

As at 31 March 2022, the gender balance of the Company’s directors, Senior Managers and other employees and contractors were as follows:

	2022			2021		
	Female	Male	Total	Female	Male	Total
Directors	1	6	7	1	5	6
Senior Managers	1	3	4	-	4	4
Employees & contractors	42	117	159	41	104	145
Total (including directors)	44	126	170	42	113	155
Percentage	26%	74%	100%	27%	73%	100%

The gender balance remains an area of focus within the company.

As at 31 March 2022, the ethnic balance of the Company’s directors, Senior Managers and other employees and contractors were as follows:

Ethnicity	2022			2021		
	Directors and Senior Managers	Employees and contractors	Total	Directors and Senior Managers	Employees and contractors	Total
African	1	4	5	-	-	-
American	-	11	11	-	9	9
Asian	-	63	63	-	80	80
Australian European	3	18	21	-	-	-
European	1	40	41	-	19	19
Middle Eastern	-	4	4	-	2	2
NZ European	6	19	25	10	35	45
Total	11	159	170	10	145	155

# NZX Governance Report

For the year ended 31 March 2022

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## 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 Directors; however, during the year ended 31 March 2022 Plexure did not organise any group training for Directors due to COVID.

Directors of their own accord attended various training courses and seminars to remain abreast of current governance issues.

## Recommendation 2.7 Performance

*“The Board should have a procedure to regularly assess director, Board and committee performance.”*

The Company’s Board Charter requires the Board to reviews its performance collectively 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 September 2022.

## Recommendation 2.8 Independent Directors

*“A majority of the Board should be independent directors.”*

Plexure’s Board consists of six Independent Directors and one Executive Director.

## 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 supports the concept of separation of the role of Chair from that of the CEO and this is spelled out in the Company’s Board Charter. The Chair, who is independent, is Phil Norman and the CEO is Daniel Houden, who is also an Executive Director.

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## 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 Management Risk Committee (ARC) is made up of three independent directors, being:

- Robert Bell, who is the Chair
- Sharon Hunter; and
- Phil Norman.

The ARC Charter sets out the role of the committee and its purpose 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.”*

The Company’s ARC meetings are only attended by employees at the invitation of the ARC Chair. A standing invitation in the Charter allows any Directors, the Chief Executive Officer, the Chief Financial Officer, and external Auditors to attend ARC 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 (RemCo) is made up of four independent directors, being:

- Phil Norman, who is the Chair;
- Sharon Hunter;
- Jack Matthews; and
- Brian Russell

The Remuneration Committee Charter sets out the objectives and responsibilities of the RemCo, which include identifying suitable and capable individuals to be appointed as Directors, reviewing the effectiveness of and performance against the Diversity Policy, approving Senior Management performance and remuneration, recommending for approval by the Board the Chief Executive Officer remuneration and overseeing remuneration policy, in particular the total remuneration packages of Senior Management.

## 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 and these responsibilities are carried out by the Remuneration Committee instead.

# NZX Governance Report

For the year ended 31 March 2022

## 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.

## 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’s Market Disclosure Policy sets out the Company’s commitment to providing timely, consistent, accurate and reliable information to promote investor confidence and ensure it complies with legal and regulatory requirements. The Chief Financial Officer (CFO) is appointed as the Company’s Disclosure Officer and the Board and CFO together constitute the Disclosure Committee. The CEO and Senior Management are required to provide all material information to the Disclosure Officer. If the Disclosure Officer believes information may require disclosure this is provided to the Disclosure Committee for a decision.

## 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 Board is responsible for the Board and Committee charters and Corporate Governance Policies, which are available on Plexure’s website at [www.plexure.com/investors/#policies](http://www.plexure.com/investors/#policies).

## 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 environmental, economic, and social sustainability factors and practices. It should explain 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 CEO and Senior Management, and external auditors.

### Financial reporting

Senior Management 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 Limited (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.

# NZX Governance Report

For the year ended 31 March 2022

## Principle 5: Remuneration

*"The remuneration of directors and Senior Managers 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 total director remuneration pool was approved by shareholders at the Annual Shareholder Meeting in September 2020.

### Directors' Remuneration received in FY22

Director	Director's Fee	Salary, Bonus and Consultancy Fees
Phil Norman	95,000	60,000
Robert Bell	60,000	15,000
Bill Crichton <sup>1</sup>	25,000	-
Daniel Houden <sup>1</sup>	-	275,000
Sharon Hunter	50,000	-
Jack Matthews	50,000	-
Brian Russell	50,000	-
Craig Herbison <sup>2</sup>	-	1,079,784

<sup>1</sup> Bill Crichton and Daniel Houden were appointed to the Board on 1 October 2021. Bill Crichton is an independent director and Daniel Houden is an executive director and the Chief Executive Officer.

<sup>2</sup> Craig Herbison resigned as a Director and Chief Executive Officer on 4 August 2021.

### 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."*

#### Remuneration of directors

Directors are not 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. The Board may determine that additional fees and allowances be paid to Directors to reflect additional services provided to the Company.

#### Remuneration of Plexure employees including Senior Management

Plexure is committed to ensuring that remuneration packages of Senior Managers are 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. Plexure's Remuneration Committee (RemCo) is responsible for assisting the Board in establishing clear remuneration policy and practices to attract, retain and reward Directors and Senior Management. The Board's aim is to reward Senior Management fairly and responsibly, having regard to Company performance, the Senior Managers' performance and applicable remuneration market benchmarks.

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 Senior Managers, 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.

# NZX Governance Report

For the year ended 31 March 2022

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 (STI)

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 Senior Manager's base salary. The percentages range from 25% to 40%.

## Long Term Incentives (LTI) – Options, Deferred Share Rights and Restricted Share Units

In August 2012, the Company established an Employee Share Option Scheme (ESOS) that entitles employees to purchase shares in Plexure. 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 Senior Managers and employees with the enhancement of shareholder value over a multi-year period. The options vest in equal tranches over three years and must be exercised within five years from the grant date. The number of options granted is determined by the Board. In December 2021, the Company extended the ESOS to a wider group of employees.

In October 2021, as part of the acquisition of TASK Software (TASK), the Company established a Long-Term Incentive Scheme (LTI Scheme) to award the employees and contractors of TASK with Deferred Share Rights that entitle the recipient to be issued with a share in Plexure after three years of continuing service.

In December 2021, the Company established a Restricted Share Unit Scheme (RSUs Scheme) that entitles selected employees to receive shares in Plexure if specified performance targets and employment conditions are met. The RSUs vest in equal tranches over three years and the performance against each target is measured in September 2022.

## Evaluating performance

Plexure's Senior Management evaluate staff performance throughout the year, but formally document the appraisal twice a year. The Board is responsible for monitoring the performance of the CEO and Senior Management against established and agreed objectives.

All of Plexure's permanent employees, including Senior Management, have undertaken performance reviews in 2022.

## Plexure's employee remuneration tables

The data in this section relates to Plexure permanent employees only. Plexure's business model necessitates highly skilled personnel being employed in the Technology sector, which results in a high proportion of employees earning above \$100,000.

During the period employees, including Executive Directors, within the Company received remuneration, termination payments and benefits which exceeded \$100,000 as follows:

	2022	2021
\$100–\$110,000	15	16
\$110–\$120,000	14	15
\$120–\$130,000	19	5
\$130–\$140,000	9	10
\$140–\$150,000	11	5
\$150–\$160,000	9	4
\$160–\$170,000	6	6
\$170–\$180,000	8	5
\$190–\$200,000	6	1
\$200–\$210,000	5	2
\$220–\$230,000	1	-
\$230–\$240,000	1	1
\$240–\$250,000	-	2
\$250–\$260,000	1	-
\$280–\$290,000	1	-
\$290–\$300,000	2	-
\$300–\$310,000	2	-
\$310–\$320,000	1	-
\$320–\$330,000	1	-
\$330–\$340,000	1	-
\$340–\$350,000	-	1
\$410–\$420,000	-	1
\$470–\$480,000	-	1
\$640–\$650,000	-	1
	114	76

# NZX Governance Report

For the year ended 31 March 2022

## 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."*

On 1 October 2021, Daniel Houden was appointed as CEO and Executive Director of Plexure. His base salary is \$550,000 per annum and he is entitled to a Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. The CEO is not entitled to any Long-Term Incentive (LTI) payments.

The previous CEO resigned on 4 August 2021 and received base salary of \$189,894 in the four months up to his resignation. In addition to the base salary, STI payments in relation to the current and previous financial years of \$288,125, unutilised annual leave of \$82,596 and a termination payment of \$515,003 were made. The CEO was awarded 316,455 share options at a strike price of 79 cents per share under the Company's ESOS. The CEO forfeited 1,643,025 shares options upon resignation.

## 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 has a Risk Management Framework that sets out the risk management policies and related internal compliance systems that are designed to:

- Optimise the return to, and protect the interests of, stakeholders;
- Safeguard Plexure's assets and maintain its reputation;
- Improve Plexure's operating performance; and
- Fulfil Plexure's strategic objectives.

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

- Operating risks;
- Financial risks;
- Organisational risks; and
- 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 and monitoring, whereas reviews are conducted by the Board. 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 representative who receives appropriate training on an ongoing basis. Plexure maintains a risk register and the Board receives a monthly health and safety report at Board meetings.

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 nine 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.

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# NZX Governance Report

For the year ended 31 March 2022

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## 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 2022 ASM.

## Recommendation 7.3 Internal audit

*“Internal audit functions should be disclosed.”*

Plexure does not have an internal audit function.

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## 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. In addition, 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 the Company’s CEO and CFO who respond directly to shareholder phone calls and emails.

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## 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. In the year ending 31 March 2021, shareholders voted in favour of the acquisition of TASK at a Special Shareholder Meeting on 24th September 2021 and the issue of ordinary shares as part-consideration for the acquisition.

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## 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 is posted on Plexure’s website and is sent to shareholders by mail and email at least 20 days before the meeting. This year the Company held a Special Shareholder Meeting and shareholders received notice of the meeting 12 days before the meeting.



# Additional NZX Disclosure

For the year ended 31 March 2022

## 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 2022 that they were substantial product holders in the Company:

Name	No. of Shares	% of Issued Shares
Jennifer & Kym Houden & TASK Retail Investments	131,568,677	36.27
Atlas Bear LLC	20,383,629	5.76
Scobie Dickinson Ward	18,894,627	5.36

### 2. Spread of Security Holders at 31 March 2022

	Shareholders		Shares	
	Number	%	Number	%
1 – 499	156	4.19	32,005	0.01
500 – 999	219	5.88	153,005	0.04
1,000 – 1,999	445	11.95	580,050	0.16
2,000 – 4,999	752	20.19	2,373,307	0.67
5,000 – 9,999	642	17.24	4,424,089	1.25
10,000 – 49,999	1,052	28.25	22,077,922	6.24
50,000 – 99,999	223	5.99	14,753,743	4.17
100,000 – 499,999	191	5.13	33,897,136	9.59
500,000 – 999,999	11	0.30	7,479,664	2.12
1,000,000 and above	33	0.89	269,811,458	75.75
Rounding TOTAL	3,724	100.00	353,582,379	100.00

# Additional NZX Disclosure

For the year ended 31 March 2022

## 3. Twenty Largest Equity Security Holders

The names of the 20 largest holders of ordinary issued shares as at 31 March 2022 are listed below:

Top 20 Shareholders	No. of Issued Ordinary Shares	% Issued
Jennifer Anne Houden	62,111,565	17.57
Kym Houden	62,111,565	17.57
Atlas Beer LLC	20,383,629	5.76
Forsyth Barr Custodians Limited (ACCOUNT 1 NRL)	20,085,067	5.68
Allectus Capital Limited	13,410,094	3.79
JP Morgan Nominees Australia Limited	9,576,870	2.71
HSBC Nominees (New Zealand) Limited - NZCSD	8,352,926	2.36
New Zealand Depository Nominee Limited	8,082,091	2.29
Public Trust Class 10 Nominees Limited - NZCSD	6,964,860	1.97
Forsyth Barr Custodians Limited	5,507,460	1.56
Accident Compensation Corporation - NZCSD	5,303,750	1.50
Collins Asset Management Limited	3,838,692	1.09
TASK Retail Investment Pty Limited	3,672,772	1.04
David Wright	3,269,030	0.92
Jo-Anne Jane Wright	3,269,030	0.92
Philip John Norman	3,194,405	0.90
Allectus Capital Limited	3,074,910	0.87
Custodial Services Limited	3,029,314	0.86
Latimer Partners Pty Limited	2,707,896	0.77
Hobson Wealth Custodian Limited	2,542,621	0.72
	<b>250,488,547</b>	<b>70.84</b>

## 4. Interests Register

There were no transactions between Plexure and the Directors during the year other than their remuneration for Director services, additional fees for consulting services performed by two Directors and remuneration for the CEO from 1 October 2021 and ex-CEO up to 4 August 2021.

# Additional NZX Disclosure

For the year ended 31 March 2022

## 5. Directors' Remuneration

Directors' remuneration is as follows:

		2022 \$	2021 \$
Phil Norman	Chairman fee	95,000	95,000
	Consulting fee	60,000	30,000
Robert Bell	Director fee	60,000	60,000
	Consulting fee	15,000	10,000
Sharon Hunter	Director fee	50,000	50,000
Brian Russell	Director fee	50,000	50,000
Jack Matthews	Director fee	50,000	50,000
Bill Crichton	Director fee	25,000	-
Daniel Houden	Salary and Benefits	275,000	-
	Director fee	-	-
Craig Herbison	Salary and Benefits	1,079,784	647,216
	Director fee	-	-

## 6. Directors' Equity Security Holdings

Details of director equity securities holdings as at 31 March 2022 are set out below:

Director	Beneficially	Associated Persons
Phil Norman	3,194,405	1,409,362
Bill Crichton	200,000	-
Sharon Hunter	100,000	-
Jack Matthews	100,000	-
Brian Russell	100	-

## 7. Share Dealing

Directors dealt in the following Plexure shares during the year ended 31 March 2022.

Director	Beneficially	Associated Persons
Phil Norman	-	1,400,000
Bill Crichton	200,000	-
Sharon Hunter	100,000	-
Jack Matthews	100,000	-
Brian Russell	100	-

# Additional NZX Disclosure

For the year ended 31 March 2022

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## 8. Directors' Loans

There were no loans from Plexure to Directors.

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## 9. Use of Company Information

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

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## 10. Dividend

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

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## 11. CEO's Salary

On 1 October 2021, Daniel Houden was appointed as CEO and Executive Director of Plexure. His base salary is \$550,000 per annum and he is entitled to a Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. The CEO is not entitled to any Long-Term Incentive (LTI) payments.

The previous CEO resigned on 4 August 2021 and received base salary of \$189,894 in the four months up to his resignation. In addition to the base salary, STI payments in relation to the current and previous financial years of \$288,125, unutilised annual leave of \$82,596 and a termination payment of \$515,003 were made. The CEO was awarded 316,455 share options at a strike price of 79 cents per share under the Company's ESOS. The CEO forfeited 1,643,025 shares options upon resignation.

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## 12. Remuneration of Auditors

	2022 \$'000	2021 \$'000
Audit of the financial statements	123	71
Tax compliance services	71	18
Ancillary assurance services	30	26
Ancillary assurance services related to ASX Initial Public Offering	-	37
	<b>224</b>	<b>152</b>

The auditor of the Plexure is Deloitte Limited for the year ended 31 March 2022.

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## 13. Donations

The Plexure made one donation of \$5,468 during the year ended 31 March 2022 (2021: Nil).

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# Additional NZX Disclosure

For the year ended 31 March 2022

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## 14. Directors Holding Office

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

Phil Norman Chair	Independent	23 August 2012 (9 years, 7 months)
Sharon Hunter	Independent	27 November 2015 (6 years, 4 months)
Brian Russell	Independent	27 October 2017 (4 years, 5 months)
Robert Bell	Independent	8 April 2019 (3 years)
Jack Matthews	Independent	1 July 2019 (2 years, 9 months)
Bill Crichton	Independent	1 October 2022 (6 months)
Daniel Houden	Executive Director and CEO	1 October 2022 (6 months)
Craig Herbison (resigned 4 August 2021)	Executive Director and ex-CEO	1 June 2018 (4 years, 1 month)

# Directory

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## Directory

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Company Number	244518
NZ Business Number	9429039937803
AU Business Number	22106666782
Directors	Phil Norman – Chairman Robert Bell Bill Crichton (appointed 1.10.21) Daniel Houden – CEO (appointed 1.10.21) Sharon Hunter Jack Matthews Brian Russell
Registered Office	Level 2, 4 Graham 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	<a href="http://www.plexure.com">www.plexure.com</a> <a href="http://www.tasksoftware.com">www.tasksoftware.com</a>



Plexure.com

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