



# 2021 Annual Results

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MAY 2021

plexure

Craig Herbison –  
CEO  
Andrew Dalziel -  
CFO

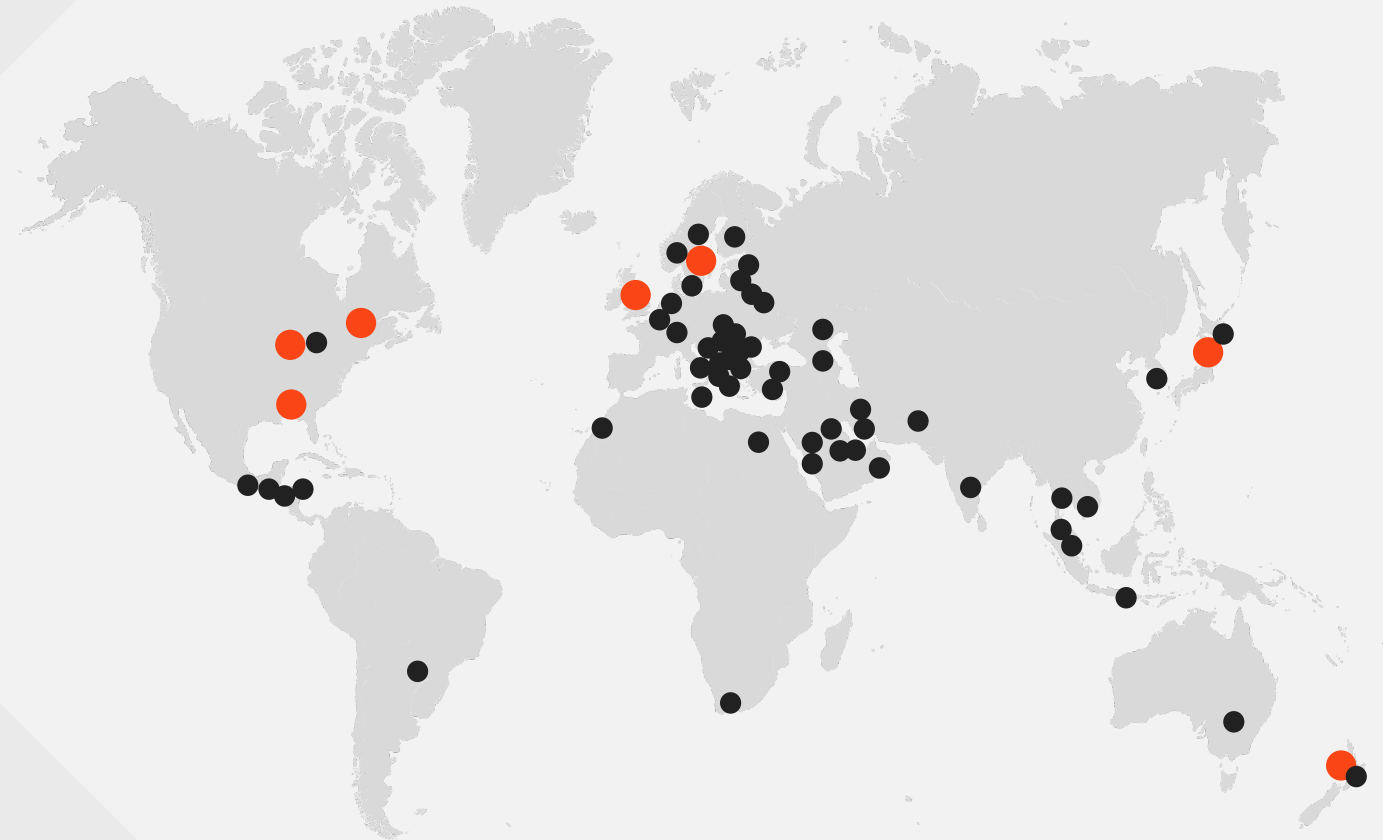
# A global company

Founded in 2010, dual listed on the NZX and ASX (PX1).

Offices in Chicago, Atlanta, New York, Tokyo, Copenhagen, London, Auckland and Dunedin.

150 staff, 90 within technology team.

Recent growth across Europe, Asia and USA.



224 million end-users across 64 countries

● PLEXURE OFFICE ● CUSTOMERS

Plexure is a global mobile engagement provider enabling brands to create stronger connections with their customers through personalised offers, content, loyalty and payments.

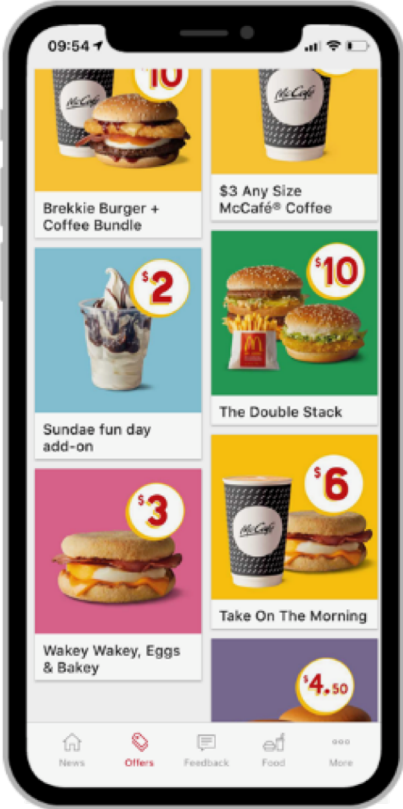


# Portfolio of product capabilities allowing a brand to design, deliver and measure the effectiveness of engaging their customers

*Platform consists of a range of product capabilities*

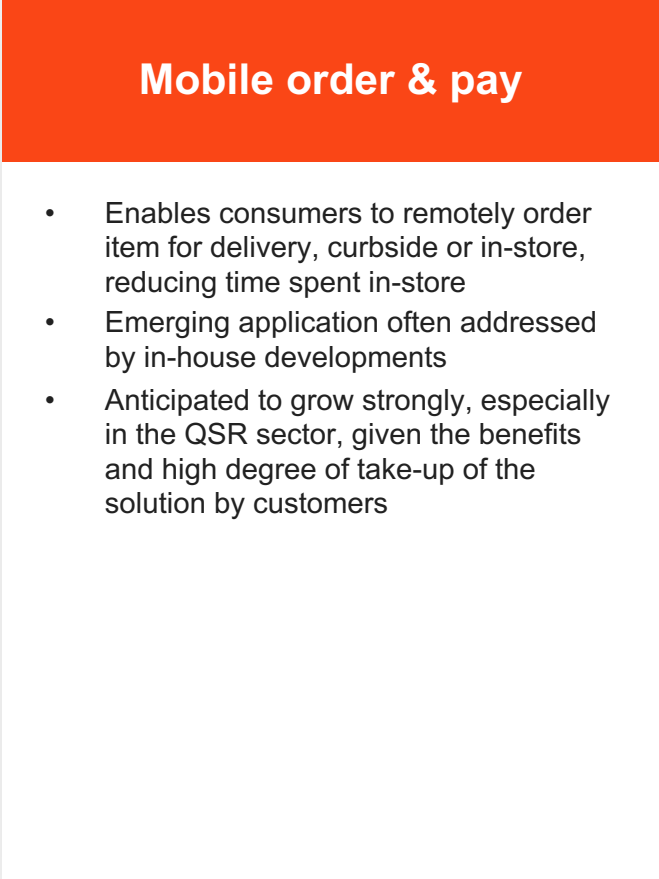
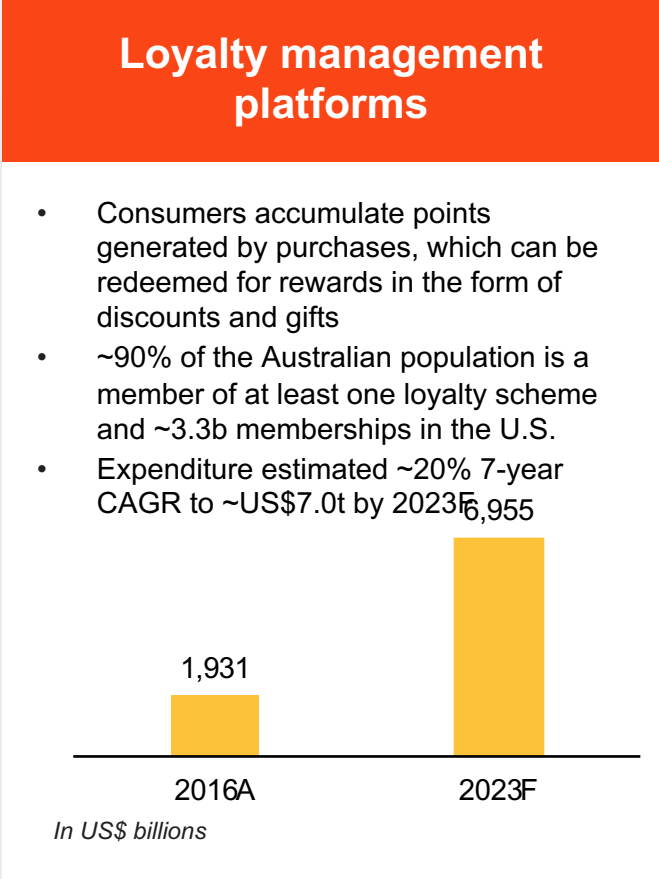
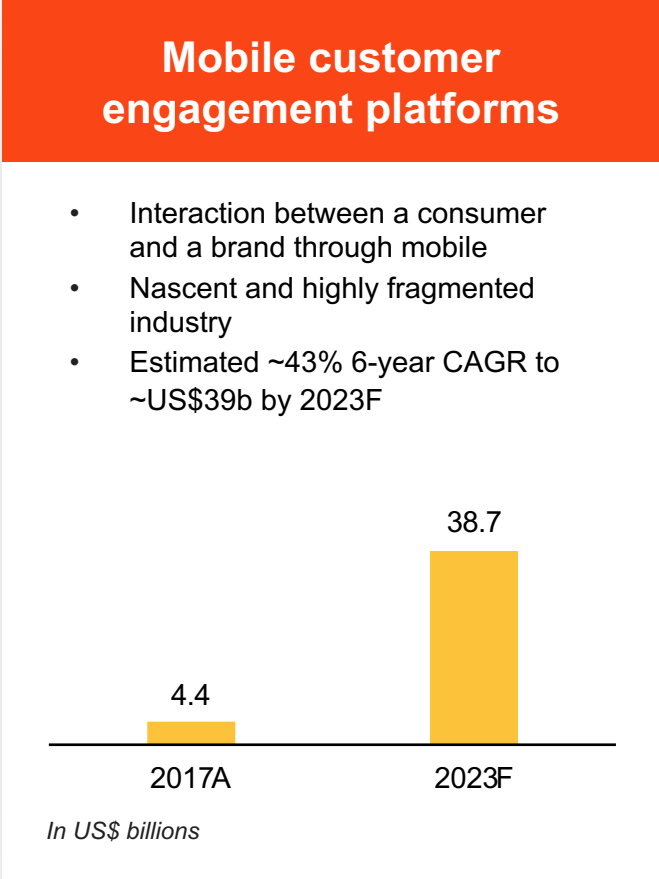
PORTFOLIO OF PRODUCT CAPABILITIES

- Personalisation** Core of the Plexure platform – the engine that enables clients to configure the multiple data points that make up the personalised campaigns sent to their customers
- Campaigns** Interface for marketing teams to define, design and execute personalised marketing activities
- Loyalty** Loyalty dynamics - stamp card to points earn and burn and beyond
- Customer Care** Account administration product to manage loyalty program, and access control and to resolve issues
- Analytics** Results, analysis and customer insight for the client’s marketing and data insight teams, visualises the results in a dashboard, presents trends and return on investment data and other requested metrics
- Mobile** Links Plexure’s mobile marketing functionality to the brand’s existing mobile app or build for them
- Order & Pay** Mobile app that enables customers to browse, place orders and pay from anywhere using their mobile device



# Large addressable market opportunity

*Plexure operates across three rapidly growing segments, mobile customer engagement, loyalty management and mobile order & pay*

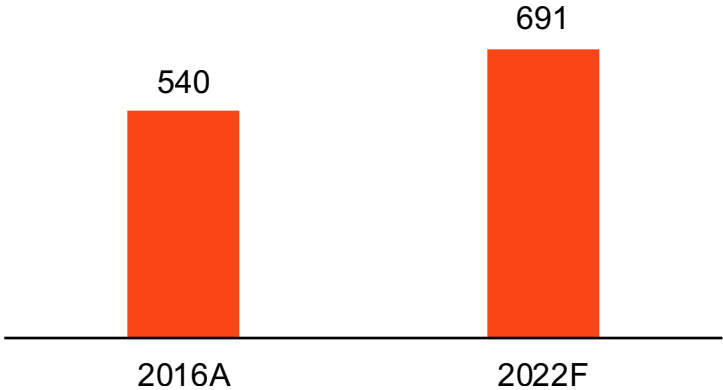


# Focus on large, growing verticals

## Quick service restaurants

- Highly competitive industry, and customer tastes and preferences can change quickly and unexpectedly
- Major operators are making significant investments in technologies to improve the customer experience including in AI and personalisation technologies

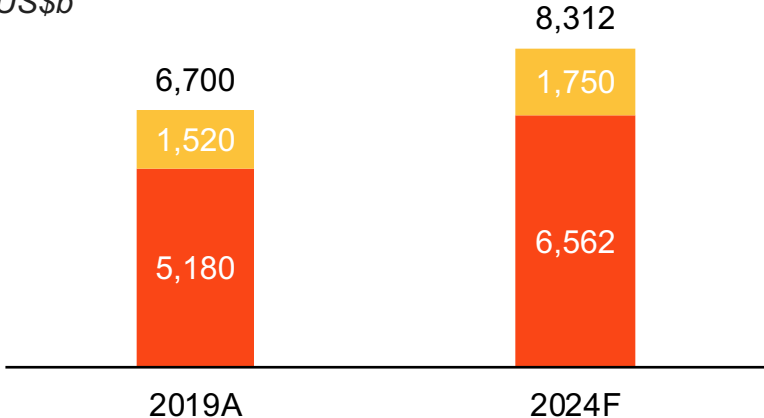
**QSR industry revenue, 2016A and 2022F<sup>(1)</sup>**  
US\$b



## Grocery

- Significant challenges including changing customer habits, intensifying competition (including from competitors with differing business models), and new technologies, such as AI and advanced analytics
- In response to these challenges, many grocery retailers are enhancing customer engagement – 93% of retail CEOs seeing personalised marketing as a priority

**Grocery industry revenue, 2019A and 2024F**  
US\$b



Source: Report commissioned from Frost & Sullivan by Plexure  
Note: (1) The Company's agreement with McDonald's Corporation may restrict its ability to onboard specific QSR consumer brands' and therefore its ability to target the entire global QSR industry revenue

What we do

We connect brands with consumers through personalized mobile engagement

Why we're here

**MISSION**  
Magic of mobile engagement to millions

**VISION**  
Creating mobile purchase desire for 10% of the world (780 million users) by 2025

How we'll grow

Customer Expansion

Innovation

New verticals and geographies

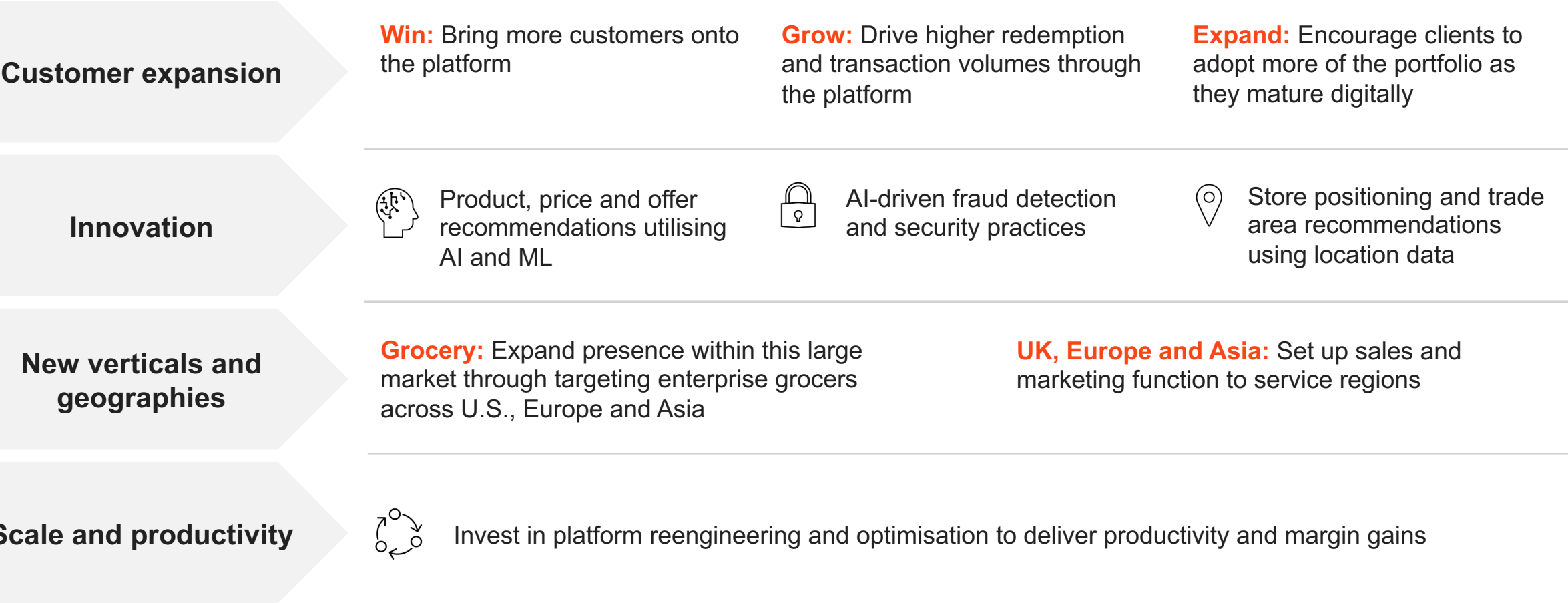
Scale and productivity

Strategic pillars



# Four element growth strategy

*Connecting consumers with physical stores offering targeted personalised offers to consumers via their mobile devices, redeemable in the physical store*





# The capital raising will fund Plexure's growth strategy

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During the year ended 31 March 2021 we raised NZ\$31.6m via a capital raising and a further \$5m through a NZ share purchase plan (SPP) bringing the total new cash raised to NZ\$36.6m. At year-end, our total cash reserves totalled NZ\$42.4m



Headcount is actively being increased globally to support development milestones and increase sales and marketing functions in key acquisition markets



There is an expectation that revenue will continue to grow, whilst costs exceed revenue for the next two years as we scale the business



The biggest cost to the P&L is people – we can control staffing levels to ensure maximum return

The year ended  
31 March 2021

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# Business Highlights

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- Revenue grew by 15%
- Ended year with NZ\$42.4m in the bank
- Successfully raised \$31.6m via secondary listing and a further \$5m through SPP
- 'SOC 2 Type 2' compliance obtained
- Named in 2020 Gartner Magic Quadrant for MMPs
- McDonald's Japan mobile order and payment
- Personalised Mobile application experience developed and launched for Super Indo
- Plexure Analytics data platform and visualization tool deployed to 62 markets
- User interface improvements to our campaign builder, care and analytics admin consoles significantly improving the user experience for marketers
- 4 data science Patents filed
- AI/ML offer generation trials to enable 1:1 offer personalisation



# Business Issues

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- COVID slowed growth for new customers signings
  - Increased the number of sales people in new regions on the ground
- Retention of existing staff and attracting new hires. Planned headcount of 190 staff by year end. Missed by 40 to end with 150
  - Changes made at an overall remuneration attractiveness level
  - Flexible location policy to increase available talent pool in response to shortages created by NZ border closures
- Fast paced competitor landscape driven by changing customer behaviour
  - Product market fit enhanced with further investment in Mobile Order and Pay



# Financial performance for the year ended 31 March 2021

	2021	2020	Change	Change
	\$'000s	\$'000s	\$'000s	%
Total revenue	29,362	25,503	3,859	15
Revenue from contracts with customers	29,150	25,251	3,899	15
Net (loss)/profit after tax	(7,930)	1,007	(8,937)	(887)
Cash at bank (including term deposits)	42,353	14,219	28,134	198
Staff (FTE's and contractors)	150	139	11	8

# Revenue

	FY21 \$'000's	FY20 \$'000's	Change \$'000's	Change %
Revenue from contracts with customers	29,150	25,251	3,899	15%
Other income	212	252	(40)	(16%)
Total revenue and other income	29,362	25,503	3,859	15%

## NOTES

Revenue from existing customers grew 15% to \$29.150m compared to the previous year (\$25.251m). Recurring revenue (representing licence and support fees) increased by \$2.199m or 14% to \$18.315m, while non-recurring revenue increased by \$1.929m, or 22% to \$10.835m. Non-recurring revenue is funded development and consulting services undertaken for customers. There has been a consistent pipeline of non-recurring revenue over the past few years and this will continue for the foreseeable future.

# Revenue from customer contracts

## Platform revenue

- Recurring revenue generated by clients using the platform
- Clients are charged a **license fee** based on number of stores and parts of the platform being utilised (loyalty, MOP etc.)
- Additional **usage fee** to cover costs associated with the number of users on the platform and a fixed scaling fee for support services provided
- Clients can also choose to have dedicated Plexure staff embedded within their business or office to provide CRM consulting, data insight analysis, data modelling, account management, project management and technical support, which is charged as a **support fee**

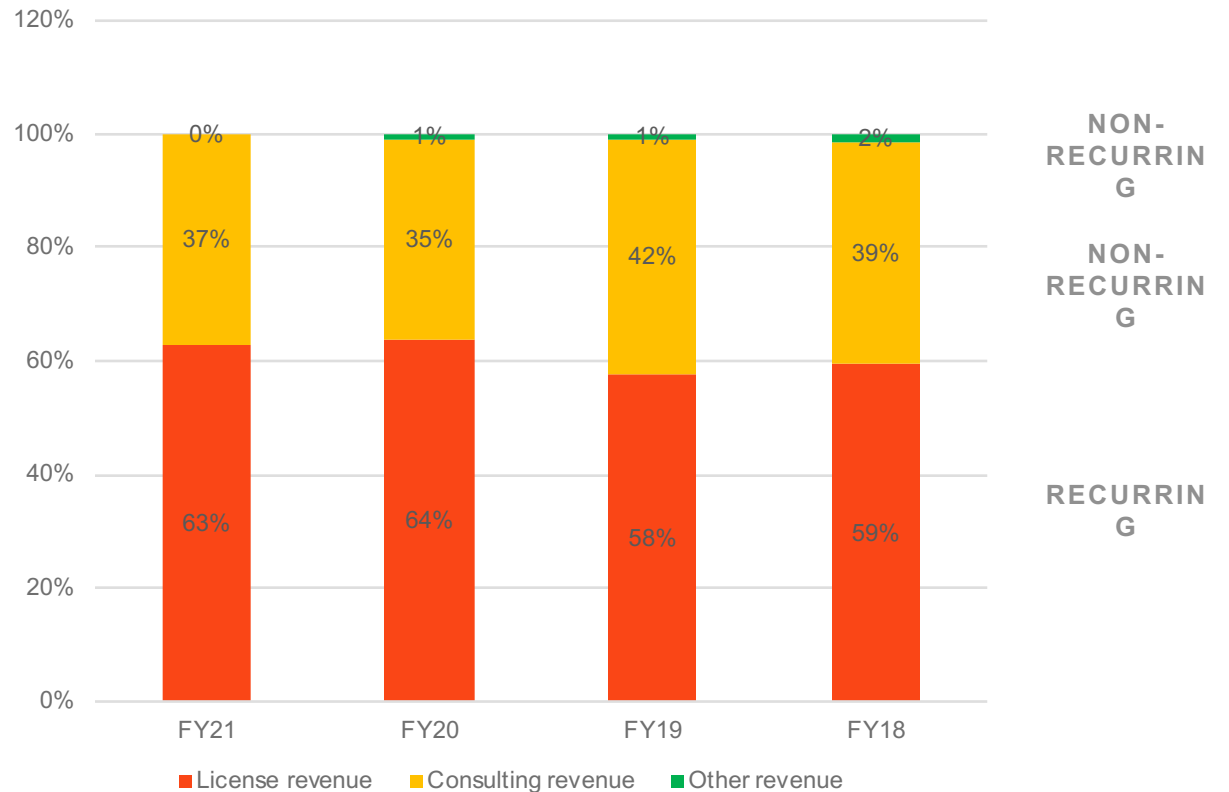
## Services revenue

- Service fees are for integration, consulting (including data science support and campaign management services) along with funded development
- Funded development is for changes to the existing platform or for bespoke development and is generally charged based on hourly rates and individual time and materials contracts

## Other revenue

- Other revenue refers to the reimbursement of travel costs incurred by Plexure in servicing existing clients

## Plexure revenue breakdown (%)



# New Revenue

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There was no new revenue signed during the year. Several deals were stalled after contract / pricing had been agreed for various reasons.

We still have expectations that some of these will land.

We have started hiring new sales staff in the US and also in Europe & Asia where we have received a number of promising leads.

Our focus is still CSR & Supermarkets. We focus on companies that have multiple brands where our deployment can be rolled out over multiple brands and countries. Our minimum deployment size is \$500,000 of recurring revenue.

# Revenue from existing customers

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Although we expect to see revenue from existing customers increase the rate of growth will slow.

Instore redemption revenue has slowed due to store closures.

In the short term services revenue (non-recurring) is at risk as we cannot employ staff to complete the work.

We are also planning to cease some product offerings as we look to introduce new services which will impact revenue in the short term.



# Platform costs

	2021 \$'000	2020 \$'000	Change \$'000	Change %
License Revenue	18,315	16,116	2,199	14%
Platform costs	6,759	5,123	1,636	32%
User numbers	224,000	182,700	41,300	23%

## NOTES

Platform costs are our second largest cost and rising year on year but at a higher rate than user numbers and revenue

Plexure uses both AWS & Microsoft Azure. The majority of cost is Microsoft Azure. The contract is a multi-year commitment for which Plexure receives a discount off the standard price.

Two issues:

1. Dual platform costs as we upgrade platform. Solution – continually upgrading the platform to newer & cheaper technology.
2. The contract with McDonalds (which accounts for 94% of Plexure revenue) doesn't align revenue with usage. Solution - currently in contract renegotiation with McDonalds on pricing.

# Staff

	FY18	FY19	FY20	FY21
Permanent New Zealand full-time equivalents	26	48	114	133
Permanent Overseas full-time equivalents	4	4	13	8
Contractors	13	17	12	9
<b>Total permanent full-time equivalents and contractors</b>	<b>43</b>	<b>69</b>	<b>139</b>	<b>150</b>

## NOTES

As highlighted earlier we have not been able to hire the staff that we require to execute on our plan. By year end we had forecasted to have 190 staff however we only had 150. This actually represents a decrease from our half year number where we had 163 staff.

- We are seeing shortages in all skill sets and more specifically in skilled engineers and data scientists.
- We have responded by looking at our employment offering however there exists a shortage of technology workers sector wide.
- We are now looking at options outside of Auckland that include hubs around New Zealand and also outside of New Zealand.
- The biggest risk to our business is not being able to hire the staff to execute on our plan.

# Staff (continued)

	FY21 \$'000's	FY20 \$'000's	Change \$'000's	Change %
Wages and staff costs	- 17,615	- 11,144	- 6,471	58%
Contractors	- 2,680	- 1,672	- 1,008	60%
Total	- 20,295	- 12,816	- 7,479	58%

## NOTES

The absolute number of staff year on year has only increased by 11 however the total cost has increased by \$7.5m. We have had more staff during the year (at half year we had 163 staff). The increase in costs includes increased recruitment costs due to the turnover of staff (noting that we have also increased the number of inhouse recruiters).

We expect staff costs to grow year on year as we hire staff to execute on our plan and onboard new customers. A number of positions will only be hired after we have signed new customers.

Staff costs is our largest cost and will continue to be so. However we can control this number if we are not achieving our goals.

# Expenses

	FY21 \$'000's	FY20 \$'000's	Change \$'000's	Change %
Wages and staff costs	- 17,615	- 11,144	- 6,471	58%
Contractors	- 2,680	- 1,672	- 1,008	60%
Travel costs	- 126	- 1,202	1,076	-90%
Office costs	- 527	- 526	- 1	0%
Professional fees	- 2,413	- 813	- 1,600	197%
Board fees	- 442	- 295	- 147	50%
Marketing	- 536	- 337	- 199	59%
IT costs	- 9,337	- 6,473	- 2,864	44%
Other (losses)/gains	- 667	420	- 1,087	-259%
Depreciation	- 627	- 432	- 195	45%
Amortisation	- 1,965	- 1,745	- 220	13%
	<b>- 36,935</b>	<b>- 24,219</b>	<b>- 12,716</b>	<b>53%</b>

# Notes to the expenses

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- Expenses grew \$12.7m or 53% YoY
- Of the \$12.7m, staff costs contributed \$6.4m and IT costs contributed \$2.7m
- The majority of the increase in IT costs are related to the platform – includes some dual running costs as we moved parts of our platform between cloud providers.
- Our platform costs remain an area of focus – we are constantly looking at how we can bring our cost to serve down
- The end of year staff headcount increased by 8% from 139 to 150. Salary and contractor costs increased by \$7.479m to \$20.295m. This is largely due to investment in our engineering teams as we continue to enhance and grow our technology capability.
- Expenses associated with the capital raising and ASX listing process were the major factors for the increase in professional costs of \$1.6m



# Plexure balance sheet

- As at 31 March 2021 Plexure has no debt and cash at bank of \$42.4m (cash and term deposits)
- Intangible assets have increased year on year by \$1.2m as we capitalize our new product development
- Total capital raised since inception is \$NZ72.4m of which \$36.4 was in the year ended 31 March 2021

	2021 \$'000's	2020 \$'000's
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	40,214	11,205
Term deposits	2,139	3,014
Income tax receivable	-	22
Trade and other receivables	3,744	5,184
	<b>46,097</b>	<b>19,425</b>
<b>Less current liabilities</b>		
Trade and other payables	4,047	2,822
Deferred revenue	5,056	5,942
Lease liabilities	392	369
	<b>9,518</b>	<b>9,133</b>
<b>Working capital</b>	<b>36,579</b>	<b>10,292</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,080	2,512
Intangible assets	5,282	4,099
	<b>7,362</b>	<b>6,611</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,516	1,909
	<b>1,516</b>	<b>1,909</b>
<b>Total net assets</b>	<b>42,425</b>	<b>14,994</b>
<b>Equity</b>		
Share capital and treasury stock	72,383	36,816
Foreign currency translation reserve	88	244
Share based payment reserve	572	624
Accumulated losses	(30,618)	(22,690)
<b>Total equity</b>	<b>42,425</b>	<b>14,994</b>

# Outlook

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The mobile engagement sector continues to experience strong growth and will be key in enabling retail, QSR and grocery brands to compete during and post COVID-19. The seismic customer behavioural shifts enforced by lock-downs will continue to strengthen the importance of the mobile digital engagement channel for retailers globally.

Businesses adopting mobile engagement are and will see further competitive advantage gains.

At this stage we will not be providing guidance but will be reassessed





Thank you

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2021 Annual Results

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