

1 August 2022

McDonald's Contract Update and Earnings Guidance

- Restructuring of Plexure's commercial terms with its largest client, McDonald's Corporation.
- Reinforces McDonald's relationship – new 5-year contract term, with further renewal on agreement by the parties.
- Plexure division now profitable following completion of transformation – cost base reduced and operational improvements delivering.
- Wider Group (being the merged Plexure and TASK entities) immediately profitable and cashflow positive.

Auckland, New Zealand - Plexure Group Limited (NZX/ASX: "PX1" or "Plexure") announces that it has entered into new agreements ("Contracts") with its largest customer, McDonald's Corporation ("McDonald's"), for Plexure's digital customer engagement platform.

Under the Contracts, Plexure will continue to provide its platform to McDonald's over the next five years, for net positive cashflow per annum, subject to operational performance. This compares with previous losses from the Plexure division. Further description of the Contracts is set out in the Appendix to this announcement.

Plexure's digital customer engagement platform and unique data-driven capabilities support 147 million customer interactions each day for McDonald's. Plexure's technology powers digital loyalty, personalisation, ordering and payment via the McDonald's mobile app for customers across 66 markets, including major markets such as Italy and Japan.

Plexure Group CEO Dan Houden said: *"We are excited about our continued partnership with McDonald's and look forward to working collaboratively toward our mutual goal of delivering excellent experiences for McDonald's customers through our world-leading customer engagement platform."*

Transformation of Plexure Division Complete

The renegotiation of the Contracts completes the transformation of the Plexure division under the new management team in place following the merger of TASK and Plexure in September 2021. This transformation includes:

- Business restructure – including a significant reduction in the cost base of the Plexure division;
- Operational improvement – improved performance of the Plexure division, including expanded technological capabilities and scalability;
- Improved contract terms – profitable commercial terms secured, as described above.

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The TASK division continues to deliver profitable revenue growth through its leading enterprise solution to stadiums, casinos, multi-site QSR or casual dining and large-scale food services companies across the globe.

Plexure Group CEO, Dan Houden, added:

“The renegotiated commercial terms with McDonald’s represent the culmination of a major transformation of the Plexure division underway since the merger with TASK. The transformation immediately underpins Group profitability and enables the business to focus on driving profitable growth by leveraging its combined technology stack to provide an end-to-end cloud engagement and transaction platform at scale for the global QSR and hospitality sector.”

Earnings Guidance

Plexure is pleased to provide earnings guidance for the Group, reflecting the significant improvement in performance following the successful turnaround of the Plexure division in particular, as described in this announcement.

Plexure expects, for the year ending 31 March 2023, total revenue of circa NZD\$56 million, compared with NZD\$32.6 million reported in the previous financial year¹. EBITDA, adjusted for non-cash employee share charges of NZD\$5.2 million, is expected to be a profit of NZD\$3.7 million for the year. This compares to an adjusted EBITDA loss of NZD\$13.1 million for the previous financial year.

The Plexure division will deliver positive operating cash flow that will enable the Group to invest in the TASK division’s growth in particular and seek to realise the potential of the Group.

ENDS

Approved for release by the Board of Plexure Group Limited.

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¹ Revenue in previous financial year included TASK contribution for six months from 1 October 2021.



APPENDIX – CONTRACTS DESCRIPTION

1. Plexure currently has a Master Services Agreement in place with McDonald's Corporation in the United States (**McDonald's**) that is used as the basis for separate agreements with McDonald's Affiliates/Licensees in 66 countries.
2. Plexure and McDonald's have recently been working together on a revised commercial model because they decided that the current Master Services Agreement is not fit for purpose for a number of reasons, including the pricing and the short notice exit rights in favour of Plexure and lack of transitional services period and licence rights on termination in favour of McDonald's not reflecting the importance of Plexure's platform and solution to the McDonald's Affiliates/Licensees.
3. Plexure and McDonald's have now entered into two new agreements, both for a term of five years commencing with a deemed effective date of 1 August 2022, that essentially update the current Master Services Agreement.
4. The Contracts also reflect other standard technology contract concepts in Plexure's view, including:
 - a. Plexure will be required to pay service credits if Plexure fails to meet the applicable service levels.
 - b. If McDonald's decides to terminate for convenience before the end of the five year term then any of the fees under the Parent Agreement that are unpaid would then be payable as an early termination charge. If McDonald's terminated the agreements due to an unremedied material breach of Plexure then any such unpaid fees would not be payable, as is usual.
 - c. McDonald's will have a non-exclusive perpetual licence to use the intellectual property in the Plexure platform solely for its own business purposes following the end of the agreements and Plexure will be required to provide transitional services for a period of up to 12 months (on a further payment basis to the extent incremental costs are incurred) following the end of the agreements.

(Note: disclosure of specific contract details is limited for commercial sensitivity reasons.)