

plexure

Plexure  
Consolidated  
Financial Statements  
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 5 to 38, 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.

## Key audit matter

## How our audit addressed the key audit matter

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

The Group's primary revenue 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.



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
Total revenue and other income		<u>32,779</u>	<u>29,362</u>
<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)
Operating expenses		<u>(57,610)</u>	<u>(36,935)</u>
Interest expenses		(303)	(127)
<b>Net loss before tax</b>		<u>(25,134)</u>	<u>(7,700)</u>
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>		<u>(24,051)</u>	<u>(7,930)</u>
<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>		<u>(20,444)</u>	<u>(8,086)</u>
<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 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>		<u>-</u>	<u>(156)</u>	<u>-</u>	<u>(7,930)</u>	<u>(8,086)</u>
<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>		<u>72,383</u>	<u>88</u>	<u>572</u>	<u>(30,618)</u>	<u>42,425</u>
<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>		<u>-</u>	<u>3,705</u>	<u>-</u>	<u>(24,051)</u>	<u>(20,444)</u>
<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>		<u>177,751</u>	<u>3,793</u>	<u>2,673</u>	<u>(54,531)</u>	<u>129,588</u>

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

# Consolidated Statement of Financial Position

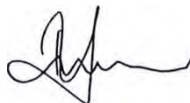
As at 31 March 2022

	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
		<u>22,721</u>	<u>46,097</u>
<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
		<u>16,932</u>	<u>9,518</u>
<b>Working capital</b>		<u>5,789</u>	<u>36,579</u>
<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	-
		<u>142,886</u>	<u>7,362</u>
<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	-
		<u>19,087</u>	<u>1,516</u>
<b>Total net assets</b>		<u>129,588</u>	<u>42,425</u>
<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>		<u>129,588</u>	<u>42,425</u>

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	<u>(16,625)</u>	<u>(3,166)</u>
<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>		<u>(31,901)</u>	<u>(2,469)</u>
<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>		<u>20,517</u>	<u>34,804</u>
<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	<u><u>12,201</u></u>	<u><u>40,214</u></u>
<b>Comprised of:</b>			
Cash and short-term deposits	10	<u><u>12,201</u></u>	<u><u>40,214</u></u>

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## **(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.

## **(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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (e) Revenue from contracts with customers and deferred revenue (continued)

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (g) Foreign Currencies (continued)

### *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.

## (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:

<i>Category</i>	<i>Estimated useful life</i>
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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (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

## (i) Intangible Assets (continued)

### *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:

<i>Category</i>	<i>Estimated Useful Life</i>
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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## (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.

## (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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## **(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

	2022 \$'000	2021 \$'000
<b>3. Revenue from contracts with customers</b>		
License revenue (1)	23,975	18,315
Consulting revenue	7,301	10,835
Hardware sales	1,280	-
	<u>32,556</u>	<u>29,150</u>

(1) 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.

	2022 \$'000	2021 \$'000
<b>4. Other income</b>		
Interest income	21	86
Other income	202	126
	<u>223</u>	<u>212</u>

	2022 \$'000	2021 \$'000
<b>5. Wages and staff costs</b>		
Salaries and employee benefits (less capitalised)	21,680	16,323
Share-based payments (1)	2,498	216
Retirement benefits	714	452
Other staff costs	1,213	840
	<u>26,105</u>	<u>17,831</u>

<i>Permanent staff numbers as at 31 March</i>	139	141
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(1) Refer to Note 21(d) for more information on the share-based payments.

	2022 \$'000	2021 \$'000
<b>6. Professional fees</b>		
Auditors' fees for audit of the financial statements	123	71
Auditors' other fees:		
Taxation compliance services	71	18
Other tax services (1)	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
	<u>2,920</u>	<u>2,413</u>

(1) 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

	2022 \$'000	2021 \$'000
<b>7. IT Costs</b>		
Platform hosting	8,564	6,759
Support and maintenance	3,109	2,220
License	291	210
Other IT expenses	70	148
	<u>12,034</u>	<u>9,337</u>

	2022 \$'000	2021 \$'000
<b>8. Other expenses</b>		
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
	<u>2,432</u>	<u>451</u>

## 9. Tax

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

	2022 \$'000	2021 \$'000
<b>(a) Consolidated Statement of Comprehensive Income:</b>		
<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	<u>1,083</u>	<u>(230)</u>

	2022 \$'000	2021 \$'000
<b>(b) Current tax assets and liabilities</b>		
RWT (payable)/receivable	(92)	2
Current tax receivable/(payable)	130	(25)
	<u>38</u>	<u>(23)</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 9. Tax (continued)

	2022 \$'000	2021 \$'000
<b>(c) Reconciliation of income tax expense to net loss before tax:</b>		
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	<u>1,083</u>	<u>(230)</u>

## (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 2020	-	(483)	(147)	630	-
Recognised in profit and loss	-	6	(73)	(79)	-
At 31 March 2021	<u>-</u>	<u>(477)</u>	<u>(74)</u>	<u>551</u>	<u>-</u>
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	<u>(72)</u>	<u>(11,172)</u>	<u>315</u>	<u>631</u>	<u>(10,298)</u>

	2022 \$'000	2021 \$'000
<b>(e) Imputation Credit Account Balances</b>		
Balance as at 31 March	4	2

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

	2022 \$'000	2021 \$'000
<b>10. Cash and cash equivalents</b>		
Cash and cash equivalents as at 31 March	12,201	40,214
<i>Denominations in:</i>		
New Zealand Dollars	2,786	36,747
Australian Dollars	1,572	2,057
United States Dollars	6,230	386
Japanese Yen	1,507	983
Polish zloty	67	-
Great British Pounds	39	41
	<u>12,201</u>	<u>40,214</u>

	2022 \$'000	2021 \$'000
<b>11. Term deposits</b>		
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.

	2022 \$'000	2021 \$'000
<b>12. Trade receivables</b>		
Accounts receivable	7,268	3,051
Provision for expected credit loss	(461)	-
	<u>6,807</u>	<u>3,051</u>

The aging profile of accounts receivable are as follows:

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
	<u>7,268</u>	<u>3,051</u>

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	-
	<u>7,268</u>	<u>3,051</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

<b>13. Other assets</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Other assets – current:</i>		
Prepayments and other receivables	1,072	627
Accrued income	488	66
Inventory	400	-
	<u>1,960</u>	<u>693</u>
<i>Other assets – non-current:</i>		
Prepayments and other receivables	408	-
	<u>408</u>	<u>-</u>

## 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 (1)	-	-	-	(676)	(676)
Depreciation	(23)	(73)	(283)	(1,063)	(1,442)
Closing net book value	<u>67</u>	<u>278</u>	<u>424</u>	<u>8,123</u>	<u>8,892</u>
<b>As at 31 March 2022</b>					
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	<u>67</u>	<u>278</u>	<u>424</u>	<u>8,123</u>	<u>8,892</u>
<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	<u>44</u>	<u>71</u>	<u>303</u>	<u>1,662</u>	<u>2,080</u>
<b>As at 31 March 2021</b>					
Cost	60	229	692	2,258	3,239
Accumulated depreciation	(16)	(158)	(389)	(596)	(1,159)
Net book value	<u>44</u>	<u>71</u>	<u>303</u>	<u>1,662</u>	<u>2,080</u>

(1) 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 (1)	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	<u>45,899</u>	<u>8,274</u>	<u>3,434</u>	<u>18</u>	<u>57,625</u>
<b>As at 31 March 2022</b>					
Cost	63,662	9,190	3,815	19	76,686
Accumulated amortisation	(17,763)	(916)	(381)	(1)	(19,061)
Net book value	<u>45,899</u>	<u>8,274</u>	<u>3,434</u>	<u>18</u>	<u>57,625</u>
<b>Year ended 31 March 2021</b>					
Opening book value	4,099	-	-	-	4,099
Additions (1)	3,148	-	-	-	3,148
Disposal	-	-	-	-	-
Amortisation	(1,965)	-	-	-	(1,965)
Foreign exchange difference	-	-	-	-	-
Closing net book value	<u>5,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,282</u>
<b>As at 31 March 2021</b>					
Cost	16,904	-	-	-	16,904
Accumulated amortisation	(11,622)	-	-	-	(11,622)
Net book value	<u>5,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,282</u>

(1) 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

	2022 \$'000	2021 \$'000
<b>17. Goodwill</b>		
Opening book value	-	-
Acquisitions	73,724	-
Impairment	-	-
Foreign exchange difference	2,237	-
Closing net book value	<u>75,961</u>	<u>-</u>
As at 31 March		
Cost	75,961	-
Accumulated impairment	-	-
Closing net book value	<u>75,961</u>	<u>-</u>

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 (CGU's), 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

	2022 \$'000	2021 \$'000
<b>18. Trade and other payables</b>		
Accounts payable	2,536	936
Accruals	3,314	2,558
Other payables	489	553
	<u>6,339</u>	<u>4,047</u>

Normal credit terms are 20<sup>th</sup> of the following month.

	2022 \$'000	2021 \$'000
<b>19. Deferred revenue</b>		
<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>

	2022 \$'000	2021 \$'000
<b>20. Lease liabilities</b>		
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 (1)	26,548,673	29,671
Issue of ordinary share - Share purchase plan (2)	4,166,666	5,000
Balance as at 31 March 2021	<u>173,442,029</u>	<u>72,383</u>
Issue of ordinary share - Employee share option scheme	2,998,499	776
Issue of ordinary share - Private Placement (3)	39,999,993	19,621
Issue of ordinary share - TASK acquisition (4)	134,433,962	83,349
Issue of ordinary share - TASK acquisition costs (5)	<u>2,707,896</u>	<u>1,622</u>
Balance as at 31 March 2022	<u>353,582,379</u>	<u>177,751</u>

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 21. Share capital and share based payment reserve (continued)

### (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	<u>3,695</u>	<u>88</u>

### (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).

	2022 \$'000	2021 \$'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	<u>2,673</u>	<u>572</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 21. Share capital and share-based payment reserve (continued)

### (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 5 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 5 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 5 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			<u>28,302,828</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 21. Share capital and share based payment reserve (continued)

### (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		<u>28,302,828</u>		<u>5,382,114</u>

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:

<b>Issue date</b>	<b>21-Dec-21</b>	<b>21-Dec-21</b>	<b>1-Oct-21</b>
<b>Share-based payment plan</b>	<b>RSU</b>	<b>ESOS</b>	<b>LTI</b>
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%
<b>Issue date</b>	<b>3-Jun-21</b>	<b>28-May-19</b>	<b>10-Jan-18</b>
<b>Share-based payment plan</b>	<b>LTI</b>	<b>ESOS</b>	<b>ESOS</b>
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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 22. Loss Per Share

The loss of \$20.4 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)

	2022 \$'000	2021 \$'000
<b>23. Accumulated losses</b>		
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	<u>(54,531)</u>	<u>(30,618)</u>

## 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 (%)	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 24. Related Party Transactions (continued)

### Directors (continued)

		2022	2021
<b>Bill Crichton</b> <i>Appointed 1 October 2021</i>	Director and Committee fees (\$)	25,000	60,000
	Payables (\$)	4,167	5,000
	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 (\$) (1)	151,985	-
	Payables (\$)	31,041	-

(1) 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 (1)	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>

(1) 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 25. Segmental reporting (continued)

Year ended 31 March 2022 (1)	CRM \$'000	POS (2) \$'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>

(1) 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.

(2) 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.

## 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	<u>(24,051)</u>	<u>(7,930)</u>
<i>Adjustments for non-cash items</i>		
Amortisation	7,761	1,965
Depreciation	1,442	627
Impairment	676	-
Recognition of share-based payments	2,498	217
Loss on disposal	729	4
Net foreign exchange loss	183	-
	<u>13,289</u>	<u>2,813</u>
<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)
	<u>(6,166)</u>	<u>1,824</u>
Interest paid	303	127
<b>Net cash outflow from operating activities</b>	<u><u>(16,625)</u></u>	<u><u>(3,166)</u></u>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 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 Groups overall strategy remains unchanged from prior years.

### (b) Interest Rate Risk

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

### (c) Foreign Exchange Risk

The Group faces the risk of movements in foreign currency exchange rates against the New Zealand dollar. During the year ended 31 March 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 27. Financial Risk Management (continued)

	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	-	-	-	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 27. Financial Risk Management (continued)

### (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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 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>	<u>118,410</u>
<b>Consideration transferred</b>	
Cash	35,061
Shares issued	83,349
<b>Total Consideration</b>	<u>118,410</u>

The acquired software, customer relationships and brand have been determined to have useful lives of 5 years.

## 29. Events after reporting period

No material events occurred after the reporting period.

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