

Friday, 25 February 2022

Plexure Group Trading Update

- **20%+ Group recurring revenue growth**
- **Plexure transformation on target, staff costs and headcount reduction ~40%**
- **Supply chain delays materially impacting hardware sales**
- **Revenue guidance withdrawn**

Auckland, New Zealand, February 25, 2022 - Plexure Group Limited (NZX/ASX: PX1).

CEO update: Dan Houden

“Our goals at the completion of the merger with TASK were to focus on the key areas of the business. On the Plexure side, we wanted to re-focus on the core revenue generating product and customer base and cutting costs in areas which could be realised from the synergies of the merger. For TASK, we wanted to unlock the global potential by reinvesting available cash flows post the merger into expanding our U.S operations and sales organisation and growing our software development team. The vision is that the combined Group growth would be achieved through enabling Plexure’s engagement capabilities on the TASK transactional platform. To that end, I am extremely happy with the progress we have made in the short four months since completion of the merger on all these key areas of focus.”

“The uncertainty around hardware availability, due to the global chip shortage, shipment challenges and impacts of COVID, has increasingly undermined our ability to forecast the timing of hardware revenue recognition, and is the reason we are withdrawing our revenue guidance today. The pipeline remains extremely strong but we simply have limited visibility to when we will be able to meet the demand. Our team is working daily with our supply chain in order to prioritise and direct what stock we do get access to in order to optimise the outcome of the current trading environment.”

“It is very encouraging to see ~20% growth in recurring revenue YTD for Plexure and ~25% growth in monthly SaaS revenue at the end of January for TASK comparing to the previous year. This is a reflection of the strong pipeline and our ability to still grow our software business while working through COVID and supply chain headwinds.”

“With costs being controlled, growing recurring revenue, cash in the bank and a strong pipeline, our focus remains on capitalising on the opportunities in front of us.”

Trading update

Consistent with the PX1 Interim Results announcement in November 2021, the non-recurring revenue in Plexure has intentionally been deprioritised following our decisions to reduce headcount and focus on profitability. The market release for those Interim Results also pointed

Plexure Group Limited

Level 2,
1 Nelson Street
Auckland, 1010
plexure.com

P.O. Box 90722
Victoria Street West
Auckland 1010

plexure

to early signs of the well-documented global supply chain issues, specifically the global chip shortage, that may have an impact on TASK's business. The Company has been carefully monitoring supply chain issues and is now of the view that the situation has deteriorated to the point that it will result in an inability to fulfil existing customer orders by year-end. This has accentuated uncertainty as to the timing and realisation of hardware sales and associated services revenue in the current environment. As a consequence of this uncertainty, Plexure is withdrawing the previous revenue guidance given in August 2021 of \$45 million to \$47 million. The Board of Plexure will evaluate whether it is appropriate to issue further revenue guidance in future as these uncertainties are resolved over time and Plexure notes that the Group is seeing additional customer demand and hardware revenue is expected to rebound as market conditions normalise.

Pleasingly, the Group's underlying performance metrics remain positive. The growth of high margin, long term business value can be seen through ~20% growth in Plexure's annual recurring revenue (ARR) YTD and TASK's ~25% growth in monthly SaaS revenue (MRR) for the end of January as compared to the same prior year period.

In addition, the combined product offering – Plexure capabilities on the TASK platform – has received much interest from TASK's existing customer base. Development is currently underway to enable the Plexure offering across the TASK cloud and underpins accelerated investment in the software development team in Poland, funded from synergies of the merger.

We have recently appointed a President of TASK's North American operations, which will anchor our US expansion. This role will enable TASK to capture and more efficiently execute on the momentum TASK has in the US market.

On the transformation of the Plexure side, we are pleased to have reduced headcount and related staff costs by ~40% this month compared with September 2021. The Group remains focused on pursuing further operational expenditure savings, in particular IT costs, while concluding reviews of customer margins to drive towards business profitability in the medium term.

At the time of this announcement, the Plexure Group has NZD\$13m cash in bank.

ENDS

Approved for release by the Board of Plexure Group Limited.

For more information, visit www.plexure.com and www.TASKsoftware.com or contact:

Dan Houden
CEO
Email: daniel.houden@plexure.com
m: +61 402 459 586

André Gaylard
CFO
Email: andre.gaylard@plexure.com
m: +64 21 288 3355