

Plexure Group Ltd

Mobilising customers for big brands

Plexure Group (ASX:PX1/NZX:PX1) has developed an intelligent technology platform which powers mobile marketing and helps consumer-facing brands enhance their connection with customers through next generation loyalty programmes, personalised offers, and mobile order and pay. Plexure's platform delivers increases in purchase frequency, impulse visits, average basket value and customer lifetime value, all key metrics for retailers. Its platform has attracted some of the world's best known brands to become customers including White Castle from the US, Ahold Delhaize grocery giant's Super Indo from Indonesia and McDonalds Corp, which in 2019 became a significant shareholder. McDonalds currently holds a 9.5% stake. The NZ-based and listed company was admitted to the ASX as an exempt foreign listing and commenced trading on November 25, 2020 after completing a fully underwritten A\$30m share placement priced at A\$1.13/share. Plexure raised an additional NZ\$5m through a shareholder purchase plan post its ASX listing. The company has recently increased its revenue guidance for FY21 to NZ\$29.2m from the NZ\$29.0m revenue guidance provided in November 2020, and for an improved EBITDA loss of NZ\$5.6m versus its previous guidance for an EBITDA loss of NZ\$7.0m.

Business model

The company traditionally struck its contracts based on store numbers with 87% of FY20 revenues from customers linked to contracts based on store numbers. In FY19, Plexure changed its contract terms to link revenue to consumer usage. Over time, as contracts are renewed Plexure's revenue should reflect revenue growth more closely aligned with growth in consumer usage. At 30 September 2020 Plexure had more than 210m consumers on the platform and was sending 740m push messages a month to these users. Plexure's business now operates in 40 languages across 60 countries.

Revenue guidance implies 15% growth in FY21

Plexure reports on a 31 March year end and has now guided to revenue of NZ\$29.2m (previously NZ\$25.0m and up NZ\$6.9m on the previous corresponding period). The company has already reported NZ\$14.5m in H1 FY21, an increase of 23% on the previous corresponding period. It reported a net loss of NZ\$4.4m in H1. Plexure has guided to a full year EBITDA loss of NZ\$5.6m (previously NZ\$7.0m) as a result of costs being lower than anticipated, principally due to a slower ramp-up in head count numbers.

Look to data and insights & marketing companies for peers

We look to a group of peers that are seeking to solve problems for consumer-led brands. These include media groups Eneo (ASX:EGG), Pureprofile (ASX:PPL), Rewardle Holdings (ASX:RXH) all of which deliver an aspect of Plexure's offering. Eneo is a marketing and communications services group, Pureprofile provides data and insights and rewards consumers for their information, Rewardle is a rewards/loyalty programme company working with SMEs. We include Shekel Brainweigh (ASX:SBW) in this mix as it is delivering technology solutions for retailers designed to increase in-store sales and deliver data and insights. Of these companies, Eneo is closest in market capitalisation. Plexure has historically delivered higher revenue growth than these peers, with a CAGR of 36% over the past five years.

Historical earnings and ratios

Year end	Revenue (NZ\$m)	EBITDA (NZ\$m)	EBIT (NZ\$m)	NPAT (NZ\$m)	EPS (c)	EV/Sales (x)	EV/EBITDA (x)	P/E (x)
03/18a	11.755	1.850	(0.188)	(1.666)	(0.30)	1.6	10.5	na
03/19a	16.891	2.911	1.029	(0.703)	(0.59)	17.9	12.0	na
03/20a	25.500	3.223	1.046	1.007	0.69	2.3	18.2	71.9
03/21e*	29.242	(5.604)	na	na	na	4.0	na	na

Source: Company data *Company guidance for FY21e

Industry sector

12th March 2021

Share details

ASX Code	PX1
Share price (AUD/NZD)	A\$0.845/NZ\$0.92
Market Capitalisation	A\$151.3M
Shares on issue	172.6M
Net cash post ASX listing	~A\$43.0M
Free float	~90%

Share performance (12 months)



Upside Case

- Counts global brands as customers
- New contracts align with consumer usage
- McDonalds' investment a tick for strategy

Downside Case

- Trading at a premium to its considered peers
- Exchange risk, 90% of revenues generated outside Australia/NZ
- Trading below the last placement price

Catalysts/upcoming events

Meeting its FY21 guidance, FY results May 2021

Comparable companies (Aust/NZ)

Eneo Group (ASX:EGG), Pureprofile (ASX:PPL), Rewardle Holdings (ASX:RXH), Shekel Brainweigh (ASX:SBW)

Top 5 shareholders

Scobie Dickinson Ward	10.42%
McDonalds Corporation	9.50%
Allectus Capital	7.35%
Lindsay Investment Trust	3.15%
Sharesies	2.22%

Company contacts

Andrew Dalziel (CFO) +64 9 358 1500
andrew.dalziel@plexure.com

RaaS Advisory contacts

Finola Burke +61 414 354 712
finola.burke@raasgroup.com



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26th November 2018



About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR. This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved..