ASX announcement (ASX:PLT) 18 November 2020

H1 FY21 results
Delivering ahead of plan

Plenti Group Limited (ASX:PLT) (**Plenti** or the **Company**) is pleased to announce its half-year results for the six months ended 30 September 2020 (**H1 FY21**).

Highlights:

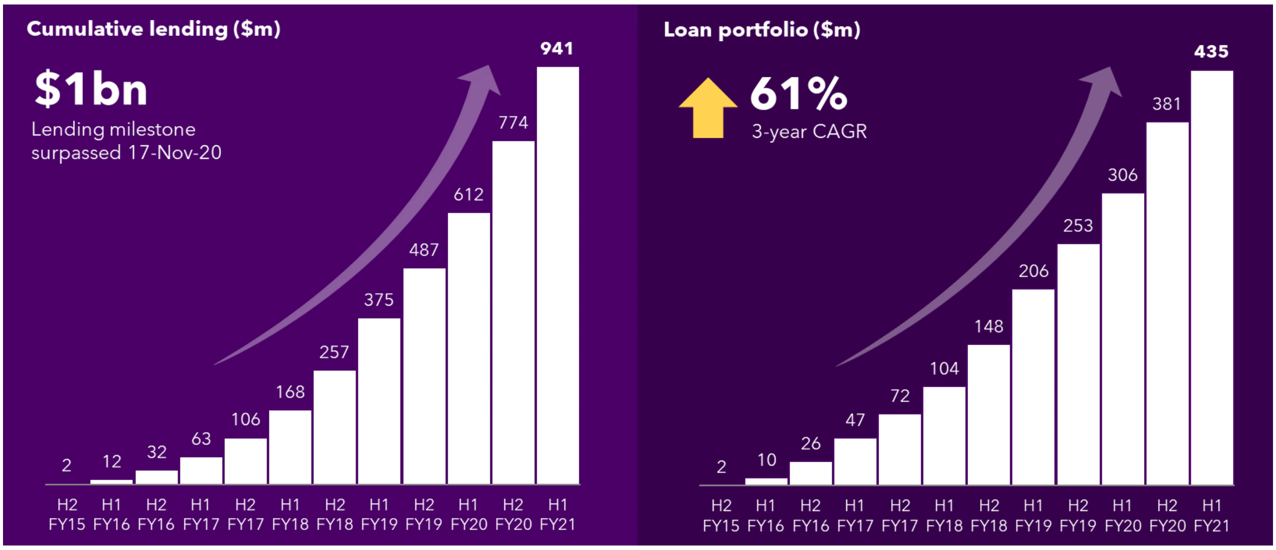
- **Record revenue of $26.0m, up 41% on H1 FY20 and ahead of prospectus**
- **Record loan originations of $167m, up 33% on H1 FY20 and ahead of prospectus, with three consecutive months of record loan originations**
- **Loan portfolio increased to $435m, up 42% on H1 FY20 and ahead of prospectus**
- **Continued strong credit performance, with reduced 90+ day arrears, net losses and loan deferrals**
- **NLAT (pro-forma) decreased to $3.4m, down 57% on H1 FY20 and ahead of prospectus**
- **Automotive warehouse funding limit upsized from $150m to $275m, subject to legal documentation**
- **Establishment of personal/renewable warehouse facility well progressed**
- **Plenti app launched and met with strong investor take-up and engagement**
- **$1bn total lending milestone surpassed**

Commenting on the Company's inaugural result as a listed company, Plenti CEO and founder, Daniel Foggo, said:

"This is an outstanding result for Plenti. We are delighted to be delivering ahead of plan, exceeding our prospectus forecasts and achieving three consecutive months of record loan originations.

Further, as an Australian FinTech lending pioneer, achieving $1bn in total lending since our launch is a significant milestone on our journey to deliver simpler, better value loans to customers.

Looking forward, we remain focused on continuing to deliver strong growth across our core lending verticals of automotive, renewable energy and personal loans. Further, we will continue to invest in our proprietary technology platform, building a strong operating foundation to continue to disrupt large lending markets."



Key operating and financial metrics

$m	H1 FY20	H1 FY21	% change	vs Prospectus
Loan originations	125.2	167.0	*33%*	▲
Loan portfolio (period end)	306.0	435.1	*42%*	▲
Loan portfolio (average)	274.9	393.5	*43%*	▲
Revenue	18.4	26.0	*41%*	▲
NLAT (pro forma)	(7.9)	(3.4)	*(57)%*	▼
Cash NLAT (pro forma)[1]	(6.9)	(1.5)	*(79)%*	▼
Average interest rate	13.3%	12.1%	*(9)%*	=
Average funding rate	7.1%	6.3%	*(12)%*	=
Net charge-off rate[2]	2.7%	1.1%	*(59)%*	▼
Cost to income ratio[3]	61.6%	48.5%	*21%*	▼

Notes:
1) Cash NLAT defined as NLAT + change in provisions for expected credit losses + share-based payments + depreciation & amortisation. Refer to page 32 in Plenti's H1 FY21 results presentation for a for a reconciliation between NLAT and cash NLAT.
2) Net charge-off rate calculated as actual loan receivables written off in the period net of loss recoveries divided by average loan portfolio value.
3) Sales and marketing expense, product development expense and general and administration expense as a % of total revenue.

Delivering record loan originations

Plenti delivered record loan originations of $167.0m for the half, 33% above H1 FY20 and 7% ahead of prospectus forecast of $156.7m. Loan originations were impacted by the COVID-19 induced economic slowdown at the start of the half, however, origination growth resumed in the second quarter, with record monthly volumes achieved in each of July, August and September, to deliver a record half-year result.

Growth was led by automotive lending, coinciding with the launch of Plenti's warehouse-funded car loan offering in early 2020. Automotive loan originations were $81.1m for the half, up 323% on H1 FY20, including four months of record originations. Plenti continued to make significant investment in its operational capabilities to build on its market-leading product and service offering in the automotive channel.

Renewable energy loan originations were solid at $28.5m for the half, up 47% on H1 FY20, despite the impact of restrictions on installations in Victoria through the second quarter. Increased consumer spending on home improvement, an increase in distribution footprint and an increasing contribution from Government programs supported performance in the half.

Personal loan originations reduced over the half due to a deliberate and responsible tightening of credit criteria and reduced marketing investment because of COVID-19. As external conditions started to normalise throughout the half, Plenti made cautious amendments to its credit appetite and incrementally increased its marketing investment, delivering an 81% recovery in origination volumes in the second quarter compared to the first quarter. Personal loan originations were $57.5m for the half.

Plenti's total loan portfolio increased to $435m at 30 September 2020, 42% above 30 September 2019 and $9m above prospectus forecast. This comprised 34% automotive loans, 16% renewable loans and 50% personal loans.

Maintaining industry-leading credit performance

The loan portfolio continued to perform strongly with all key credit metrics improving over the period, despite the challenging external environment.

Annualised net losses for the half were low at 1.1%, below the prior corresponding period of 2.7%, reflective of the prime attributes of Plenti's loan portfolio, Government stimulus, as well as record collections during the period. The Company's 90+ day arrears also declined to 0.42% of outstanding balances.

Pleasingly, the proportion of loans in deferral arrangements reduced significantly by the end of the period, from 1.72% at the end of July to 0.78% at the end of September. Approximately 88% of borrowers who entered a COVID-19 loan deferral arrangement up to June had either returned to making contractual repayments or repaid their loan by the end of September.

Plenti's loan portfolio has continued to shift towards lower-risk automotive and renewable energy loans. At 30 September, secured automotive and renewable energy loans represented 50% of the loan portfolio, up from 43% at the end of the June quarter. The average Equifax credit score on the portfolio remains high and increased to 793 at September 2020, well above the average score of comparable Big Four banks and prime credit focused fintech peers of ~720[1].

Deepening and diversifying funding

Plenti received credit approvals to increase the size of its automotive warehouse facility to $275m and extend the maturity of the facility, on substantially similar terms, in November 2020 (post H1 FY21 balance date), subject to legal documentation. The implied headroom in the facility, once documented, is therefore $189m at the end of September[2].

Plenti commenced discussions during the half with bank and mezzanine funders in relation to a second warehouse facility, to fund renewable energy and personal loans. Funder due diligence is well progressed. The new warehouse is expected to reduce cost of funds by ~200-300bps compared to existing funding sources, providing a material increase in the contribution generated from each loan funded from this facility.

The number of registered investors on the Plenti Lending Platform increased by ~2,200 over the half. Plenti Lending Platform funding costs on new originations continued to reduce, down 0.4% from H1 FY20 to 5.9%. The Plenti app was launched in October 2020, following successful beta trials. The Plenti app has been met with strong demand, with over 3,900 downloads to date. The Plenti app has proven to increase investor engagement, with same investor number of session logins increasing by ~50% and average session times increasing by more than 40%.

Financial update

Plenti delivered ahead of prospectus forecasts on all key financial metrics. The Company delivered revenue of $26.0m, representing growth of 41% on H1 FY20 and 2% ahead of prospectus forecast, driven by continued strong origination and loan portfolio growth.

The average interest rate achieved decreased to 12.1% from 13.3%, reflective of the Company's deliberate shift towards automotive and renewable energy loans, which are relatively lower-risk and longer term in nature compared to personal loans. Funding rates also continued to decrease to 6.3% from 7.1% in the prior corresponding period. Plenti's cost-to-income ratio reduced to 48.5% from 61.6% in H1 FY20, reflecting the benefits of increased operating efficiency as well as a reduced investment during the COVID-19 period.

The above resulted in a more favourable net loss result for the half, with pro forma NLAT of $(3.4)m, compared to $(7.9)m in the prior corresponding period.

[1] Indicative median credit score for fixed term personal loans, Equifax Consumer Update – November 2020.

[2] Adjusted for the increase in the automotive warehouse funding limit credit approved November 2020, subject to legal documentation.

The Company maintains a strong cash position post its $55m capital raising, with a corporate and Provision Fund cash balance of $66.4m as at balance date.

Current trading and H2 priorities

Plenti has continued to experience strong trading momentum in the second half of its financial year ending 31 March 2021. Loan originations were $37.2m in October, representing a fourth consecutive record month of originations. The Company has continued to experience robust origination across all lending verticals in the first half of November.

Credit performance has continued to be strong, with 90+ day arrears reducing to 0.39% and loan deferrals reducing to 0.49% of the loan portfolio as at 15 November.

Plenti reached $1bn in cumulative lending on 17 November, marking a significant stepping-stone in its ambition to build significant scale.

Reflecting its confidence in future growth, Plenti will continue to invest in its team, marketing and technology platform to accelerate originations and loan portfolio growth. This investment is expected to result in higher costs in H2 FY21, while delivering sustained revenue growth in FY22 and beyond.

Over the second half, Plenti's plans across its three core lending verticals include:

- **Automotive:** growing market share in the broker channel, driving origination growth in direct-to-consumer channels and expanding into adjacent lending categories, including commercial lending;
- **Renewable energy**: delivering for Government partners, increasing market share, and launching into new finance and customer categories; and
- **Personal**: continuing to expand product features, including the introduction of additional loan terms and repayment options, and improving repeat borrower experiences and conversion rates.

Investor webcast

An investor webcast will be held at 11:00am AEDT / Sydney time on 18 November 2020. Investors can register for the webcast through the following link:

https://webcast.openbriefing.com/6779/

This release was approved by the Chief Executive Officer on behalf of the Plenti board of directors.

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About Plenti

Plenti is a technology-led consumer lending and investment business. Plenti provides borrowers in the large lending verticals of automotive, renewable energy and personal lending with efficient, simple and competitive loans, delivered via Venus, the Company's proprietary technology platform. Additionally, Plenti seeks to provide investors with attractive, stable returns via investing in the established asset class of consumer loans.

For more information visit plenti.com.au/shareholders