Plenti Group Limited

Appendix 4D - Half year report

Company details

Name of entity:	Plenti Group Limited
ACN:	643 435 492
Reporting period:	For the half-year ended 30 September 2020
Previous period:	For the half-year ended 30 September 2019

Results for announcement to the market

	30 Sep 2020 $000's	30 Sep 2019 $000's	Up/Down	Change %
Revenue from ordinary activities	25,962	18,420	Up	40.9%
Loss from ordinary activities after tax attributable to the owners of Plenti Group Limited	(6,619)	(7,429)	Down	10.9%
Loss for the half-year attributable to the owners of Plenti Group Limited	(6,619)	(7,429)	Down	10.9%

Initial Public Offering and Corporate Reorganisation

On 18 August 2020, the shareholders of the Company and Plenti Pty Limited and its controlled entities undertook a corporate reorganisation process prior to an Initial Public Offering ('IPO'). Consequently, the Company acquired the already operating Plenti Pty Limited and its controlled entities (Pre-IPO Plenti Group).

This corporate reorganisation does not represent a business combination in accordance with AASB 3 'Business Combinations', and the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly, the financial statements have been presented as a continuation of the Pre-IPO Plenti Group. As such, financial statements of the Group include the historical financial information of the Pre-IPO Plenti Group for the period before the acquisition. These financial statements include the financial results for the Group from acquisition to 30 September 2020 and the Pre-IPO Plenti Group for the period 1 April 2020 to the date of acquisition.

The comparative information presented in the financial statements represents the financial position of the Pre-IPO Plenti Group as at 31 March 2020, and the financial performance of the Pre-IPO Plenti Group for the half-year ended 30 September 2019.

Interim reporting

Under Section 323D of the Corporations Act, the Company's first required half year report would be 11 February 2021 being the 6 months from the date of incorporation. The Company has elected to apply relief from this requirement in accordance with ASIC instrument 2016/190. This interim report for the half-year ended 30 September 2020 is therefore not required under the Corporations Act. The Company has prepared this report for lodgment with the ASX as a matter of best practice to provide shareholders and other stakeholders transparency of actual performance for the 6 month period to 30 September 2020.

Dividends

No dividends were declared or paid for the half year ended 30 September 2020 (30 September 2019: $Nil).

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	31.42	7.11

Audit review

The financial statements were subject to a review by the auditors and the review report is attached as part of the 30 September 2020 interim financial report and an unqualified conclusion was received.

Other information

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the Plenti Group Limited and Controlled Entities Consolidated Financial Report for the half year ended 30 September 2020.

Plenti Group Limited

Interim Report - 30 September 2020

ACN 643 435 492

Contents

General information

The financial statements cover Plenti Group Limited as a consolidated entity consisting of Plenti Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Plenti Group Limited's functional and presentation currency.

Plenti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5th Floor
14 Martin Place
Sydney, NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 November 2020.

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Plenti') consisting of Plenti Group Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 30 September 2020.

Plenti Group Limited was incorporated on 12 August 2020 and, following a reorganisation of the Group to facilitate an Initial Public Offering (**IPO**), is now the ultimate parent company of the Group, effective 31 August 2020. See "significant changes in the state of affairs" for further detail of the reorganisation.

Directors

The following persons were directors of Plenti Group Limited and remained a director during the financial half-year and up to the date of this report, unless otherwise stated:

- Mary Ploughman (appointed 12 August 2020) (Chairman)
- Daniel Foggo (appointed 12 August 2020)
- Martin Dalgleish (appointed 12 August 2020)
- Peter Behrens (appointed 12 August 2020)
- Susan Forrester (appointed 30 October 2020)

Principal activities

Plenti is a technology-led consumer lending and investment business. Plenti seeks to provide borrowers with efficient, simple and competitive loans, delivered via simple digital experiences. Additionally, Plenti seeks to provide investors with attractive, stable returns via investing in the established asset class of consumer loans. Plenti operates primarily in Australia.

During the financial half-year, the principal activities continued to be the provision of automotive, renewable energy and personal loans, the operation of schemes to facilitate investment opportunities for investors (through the Plenti Lending Platform and Plenti Wholesale Lending Platform) and the funding of loans via the Company's warehouse and securitisation program.

Review of operations

Group performance highlights

During the half-year ended 30 September 2020, Plenti achieved several important milestones and delivered strong business results including:

- Successful IPO and listing of the business on the Australian Securities Exchange (**ASX**) in September 2020, raising proceeds of $55 million to fund business growth
- Revenue of $26.0 million, up 41% on the prior comparative period and 2% ahead of Prospectus forecast
- Record loan origination volumes of $167 million, up 33% on the prior comparative period and 6% ahead of Prospectus forecast
- Loan portfolio of $435 million, up 42% on the prior comparative period and $9 million ahead of Prospectus forecast
- Strong credit performance with 90+ arrears down to 0.42%, annualised net loss rate of 1.0% and continued reduction in COVID-19 loan deferrals
- Plenti App launched on iOS and Android which has been met with strong investor take-up

Financial performance

For the half-year ended 30 September 2020, the Group reported a statutory net loss after tax of $6,619,000, an 11% improvement on the prior comparative period.

The statutory results were impacted by several material non-recurring items, including costs relating to the IPO of Plenti shares on the ASX and one-off benefits during the COVID period, primarily government subsidy payments. The pro forma results for the half-year provide a more meaningful basis to report on business performance. The pro forma analysis included in this interim report is presented on the same basis as in Plenti's Prospectus, dated 21 August 2020.

On a pro forma basis, for the half-year ended 30 September 2020 the Group reported net loss after tax of $3,437,000, an improvement of 57% on the prior comparative period.

Earnings per share (**EPS**) of (20.29) cents on a statutory basis improved 42% on the prior comparative period of (34.82) cents. This reflected the reduction in statutory net loss after tax and the higher number of shares on issue following the IPO of Plenti.

The table below sets out the pro forma financial results for the period compared to the prior period pro forma results, as presented in the Prospectus.

	30 Sep 2020 Pro forma $000's	30 Sep 2019 Pro forma $000's	Change $000's	Change %
Revenue				
Interest revenue	**23,877**	18,271	5,606	31%
Other income	**2,085**	149	1,936	>100%
Total revenue before transaction costs	**25,962**	18,420	7,542	41%
Transaction costs	**(981)**	(768)	(213)	28%
Net income	**24,981**	17,652	7,329	42%
Expenses				
Funding costs	**(12,272)**	(9,603)	(2,669)	28%
Expense passed to unitholders	**(123)**	147	(270)	nm
Loan impairment expense	**(3,037)**	(4,417)	1,380	(31%)
Sales and marketing expense	**(4,014)**	(4,624)	610	(13%)
Product development expense	**(2,477)**	(2,266)	(211)	9%
General and administrative expense	**(6,113)**	(4,459)	(1,654)	37%
Depreciation and amortisation	**(382)**	(332)	(50)	15%
Total expenses	**(28,418)**	(25,554)	(2,864)	11%
Loss after income tax expense	**(3,437)**	(7,902)	4,465	(57%)

Notes:
1. Pro forma adjustments have not been audited.
2. A reconciliation to the statutory result and details of the pro-forma adjustments is set out on pages 8 and 9 under 'Statutory to pro forma reconciliation' and 'Summary of pro forma adjustments'.

Total revenue before transaction costs increased 41% in the period, with interest revenue increasing by 31% and other income increasing from $149,000 in the prior comparative period to $2.1 million. Interest revenue growth was driven by the substantial increase in the size of the Group's loan portfolio during the period, which was a result of the record level of loans originations achieved. Total origination growth was driven primarily by strong growth in automotive lending, as Plenti's investment in building a highly competitive automotive finance offering delivered results. Renewable energy lending also continued to grow solidly in the period. This was offset by a reduction in personal lending as the Group tightened lending standards and reduced marketing spend in this segment given the COVID-19 pandemic.

Funding costs increased by 28% on the back of the higher loan book size, while loan impairment expenses fell 31%, reflecting a very strong credit performance in the period. The favourable credit result reflected the strong underlying borrower characteristics of the loan portfolio, Government support measures through the COVID-19 period, including the superannuation access scheme, as well as record collections.

On a pro forma basis, sales and marketing expense fell 13% to $4.0 million, largely reflecting lower digital marketing spend through the initial months of the COVID-19 pandemic. Product development expense increased slightly to $2.5 million as Plenti continued to invest in its technology platform, while general and administrative expenses increased 37% to $6.1 million driven by investment in team capability to continue to grow the business and increased processing costs on higher loan originations.

Loan originations and portfolio

	30 Sep 2020	30 Sep 2019	Change
Originations ($'000)	167,043	125,167	33.5%
Loan portfolio (period end) ($'000)	435,093	306,007	42.2%
Loan portfolio (average) ($'000)	393,454	274,879	43.1%
Average term of originations (months)	63	54	16.3%
Number of originations	8,123	8,033	1.1%
Average value of loan originations ($)	20,564	15,582	32.0%

Loan origination volumes of $167 million in the period, an increase of 33.5% on the prior comparative period, saw the total loan portfolio grow to $435 million at 30 September 2020. This represented an increase of 42.2% on the prior year.

With an increase in lending in the automotive and renewable channels, which tend to have longer loan lives, the average term at commencement of new lending during the period increased to 63 months from 54 months in the prior comparative period. Growth in automotive lending, in particular, saw the average value of loans originated increase by 32% to $20,564 per loan.

Loan origination by channel

	30 Sep 2020	30 Sep 2019	Change
Automotive originations ($'000)	81,110	19,163	323.3%
Renewable originations ($'000)	28,473	19,380	46.9%
Personal loan originations ($'000)	57,459	86,623	(33.7%)

Automotive originations increased significantly over the period as the benefits of several years of investment in building a leading automotive loan offering came to fruition. The increase in automotive lending was supported by increased funding capacity from the Group's new automotive warehouse facility.

Renewable originations also grew substantially over the period despite COVID-19 related restrictions in Victoria in August and September. Growth was particularly strong in New South Wales and Queensland as, consumers increasingly adopt more energy efficient technologies with the support of government incentives, replicating the proven success of the offer in South Australia.

Personal loan originations decreased, largely due to the intentional tightening of the Group's lending standards and the reduction in marketing investment during the early stages of the COVID-19 pandemic as well as lower system demand for personal loans.

Product margin and funding costs

	30 Sep 2020	30 Sep 2019
Average interest rate (%)	12.1%	13.3%
Average funding rate (%)	6.3%	7.1%
Funding debt (period end) ($'000)	420,011	294,397
Funding debt (average) ($'000)	389,134	269,817

Interest revenue in the Group's financial statements represents interest and origination fees on loans funded by Plenti, treated under the effective interest rate method, as well as interest on cash deposits. The average interest rate is calculated by dividing interest revenue by the average loan book for the period.

The average interest rate reduced to 12.1% in the current half-year, down from 13.3% in the prior comparative period. This reduction primarily reflected the increased proportion of automotive and renewable energy loans in the loan portfolio, which are typically at lower interest rates than personal loans, reflecting their relatively strong expected credit performance.

The average funding rate paid by the Group decreased from 7.1% to 6.3%, largely reflecting the increase in funding from the Group's automotive loan warehouse during the period. From February 2020, automotive lending has been funded from a warehouse facility which carries a lower average funding cost than prior funding sources.

Credit performance

	30 Sep 2020	30 Sep 2019
Loan impairment - Net charge off ($'000)	2,185	3,711
Loan impairment - Provision movement ($'000)	852	707
Provision rate (%)	2.5%	2.3%
Net charge off to interest revenue (%)	9.2%	20.3%
Net charge off to average loan book (%)	1.1%	2.7%

Total loan impairment expense decreased 31% compared with the prior comparative period. Despite the impact of COVID-19, Plenti has seen particularly low losses in the half-year to 30 September 2020. This reflects the strong credit characteristics of the loan portfolio, given the Group's ongoing focus on lending to customers in prime credit segments. This also reflects benefits resulting from Government initiatives including JobKeeper and special access to superannuation, and borrowers being able to obtain loan deferrals on larger credit obligations such as home loans from other lenders.

The Group's ECL provision at 30 September 2020 was $10.7 million, or 2.5% of the total loan portfolio. This compares with $9.9 million, or 2.6% of the loan portfolio at 31 March 2020. The ECL value was impacted by three main factors. The first is the increase in the total loan portfolio offset by the structural shift in the loan portfolio to lower risk automotive and renewable loans, which carry materially lower provision rates. Management also increased provisioning rates for each loan category at 30 September compared to March via economic scenario overlays and added a further $1.4 million risk buffer to reflect increased credit risks relating to the impact of COVID-19 on the broader economy.

Pro forma operating expenses metrics

	30 Sep 2020	30 Sep 2019
Overall cost-to-income ratio (%)	48.5%	61.6%
Sales and marketing expense to revenue (%)	15.5%	25.1%
Product development expense to revenue (%)	9.5%	12.3%
General and administrative expense to revenue (%)	23.5%	24.2%

Plenti's total operating cost-to-income ratio, on a pro forma basis, reduced to 48.5% in the half-year, down from 61.6% in the prior comparative period. This reflected both operating leverage in the business as revenue grew as well as reduced investment during the period due to COVID-19.

Sales and marketing expense decreased to $4.0 million in the half-year from $4.6 million in the prior comparative period. This was mainly driven by a $1.0 million reduction in spend on digital marketing as Plenti reduced investment in digital loan acquisition given the more uncertain business environment and challenges in assessing borrower credit in personal lending immediately following the onset of the COVID-19 pandemic.

Product and development expense was slightly higher than the prior period, reflecting ongoing investment in the technology platform, notwithstanding the disruption of COVID-19.

General and administrative expense increased by $1.6 million to $6.1 million. The largest contributor to the increase was personnel costs due to the hiring of additional employees as well as investment in more senior personnel to enhance capability and support the business as it moves into a publicly listed environment. Legal costs on a number of industry regulatory matters also contributed to the increase in the period.

Balance sheet

	30 Sep 2020 $000's	31 Mar 2020 $000's	Change $000's	Change %
Assets				
Cash and cash equivalents	93,741	42,028	51,713	123%
Customer loans	414,398	360,184	54,214	15%
Other	6,212	4,980	1,232	25%
Total assets	**514,351**	**407,192**	**107,159**	**26%**
Liabilities				
Trade payables	3,450	3,448	2	0%
Borrowings	449,025	401,982	47,043	12%
Other	8,576	8,214	362	4%
Total liabilities	**461,051**	**413,644**	**47,407**	**11%**
Net assets	**53,300**	**(6,452)**	**59,752**	**<(100)%**

'Cash and cash equivalents' increased to $93.7 million, driven by the $55 million IPO proceeds received during the period. Of the $93.7 million, $66.4 million is corporate cash or cash held in the Provision Fund to cover losses on the Plenti Lending Platform (a registered managed investment scheme). Customer loans increased 15% from 31 March 2020, driven by strong origination volumes during the half-year period. This was partly offset by an increase in the ECL provision at 30 September 2020.

'Other' represents trade receivables, PPE, right of use assets, intangibles and other assets. The increase is driven by the increase in prepaid commission expenses in line with the growth in automotive loan originations.

'Trade payables' represents the amount payable to creditors for the supply of goods and services that have been invoiced and are payable in accordance with the supplier's payment terms. This has remained consistent with the prior period.

'Borrowings' increased in line with the growth in customer loans. Refer below for further details on Plenti's funding sources.

'Other liabilities' represents lease liabilities, derivative financial instruments, provisions and accruals. The increase is mainly due to increases in payroll liabilities and IPO related accruals. This was partially offset by reduction in lease liabilities and the conversion to equity of the embedded derivative relating to the convertible notes upon IPO.

Funding

	30 Sep 2020 $000's	31 Mar 2020 $000's	Change $000's	Change %
Borrowings				
Plenti Lending Platform	303,709	304,215	(506)	(0%)
Wholesale Lending Platform	59,316	70,394	(11,078)	(16%)
Warehouse	86,000	18,500	67,500	365%
Convertible notes	-	8,873	(8,873)	(100%)
Total assets	**449,025**	**401,982**	**47,043**	**12%**

Plenti has a diverse mix of funding sources. At the end of the period, the most significant funding source remained the Plenti Lending Platform.

Growth in warehouse funding reflected the strong performance in automotive lending in the period. The Group expects to continue to expand its use of warehouse funding given the relatively lower cost. Subsequent to 30 September 2020 the Group has received confirmation from its funders that they have credit approval to expand the automotive warehouse funding limit from $150 million to $275 million. The increase in the warehouse limit is subject to completion of legal documentation.

Statutory to pro forma reconciliation

The table below sets out the pro forma adjustments applied in the half-year to 30 September 2020, by line item in the statement of profit or loss. The adjustments are intended to provide a normalised view of the operating performance of Plenti, by excluding the costs of the IPO and a number of non-recurring benefits that would otherwise inflate the result. The methodology is consistent with that used in preparation of Plenti's Prospectus. Full details of the individual items are set out in the following section.

	30 Sep 2020 Statutory $000's	Pro forma adjustments	30 Sep 2020 Pro forma $000's	30 Sep 2019 Pro forma $000's
Revenue				
Interest revenue	**23,877**		**23,877**	18,271
Other income	**2,085**		**2,085**	149
Total revenue before transaction costs	**25,962**		**25,962**	18,420
Transaction costs	**(981)**		**(981)**	(768)
Net income	**24,981**		**24,981**	17,652
Expenses				
Funding costs	**(12,780)**	508	**(12,272)**	(9,603)
Expense passed to unitholders	**(123)**		**(123)**	147
Loan impairment expense	**(2,825)**	(212)	**(3,037)**	(4,417)
Sales and marketing expense	**(3,274)**	(740)	**(4,014)**	(4,624)
Product development expense	**(2,224)**	(253)	**(2,477)**	(2,266)
General and administrative expense	**(9,992)**	3,879	**(6,113)**	(4,459)
Depreciation and amortisation	**(382)**		**(382)**	(332)
Total expenses	**(31,600)**	3,182	**(28,418)**	(25,554)
Loss after income tax expense	**(6,619)**	3,182	**(3,437)**	(7,902)

Notes:
1. The only pro forma adjustment in the 30 September 2019 numbers is an amount of $473,000 included in general and administrative expense, reflecting an adjustment for public company costs in that period that would have been incurred had Plenti been listed at the time.

Summary of pro forma adjustments

The table below provides further details in relation to the individual elements of the pro forma adjustments included in the financial statements above.

	Note	30 Sep 2020 $000's	30 Sep 2019 $000's
Pro forma adjustments			
Incremental public company costs	1	(430)	(473)
Convertible note interest	2	488	-
Capital raising costs	3	31	-
Offer costs	4	2,327	-
JobKeeper payments	5	(1,720)	-
COVID-19 salary reductions	6	(209)	-
Impairment expense policy	7	(212)	-
Accelerated existing incentive plan vesting	8	2,497	-
Loss on derivative fair value	9	410	-
Total adjustments		**3,182**	**(473)**

Notes:

1. Incremental public company costs include the incremental expenditure required to be a publicly listed company including Board, listing and ASX fees.
2. Convertible note interest relates to interest charged on convertible notes which converted to ordinary equity at IPO.
3. Capital raising costs are non-operational costs relating to prior capital raisings and primarily relate to consulting fees.
4. IPO costs include legal and accounting due diligence costs, as well as corporate adviser fees and listing costs. A further $2,766,000 of IPO costs were recognised directly in equity and are included in the cash flow statement in investing activities.
5. JobKeeper payments relate to payments received from the Australian government in relation to COVID-19.
6. COVID-19 salary reductions relate to reduced salary expenses as a result of employees taking voluntary pay reductions and hour cuts due to the uncertain impacts of COVID-19 on Plenti's business, net of an intended bonus payment to employees who took voluntary pay cuts.
7. Impairment expense policy relates to a change in Plenti's bad debt write-off policy during the period, which was increased from 120 to 180 days to align with market practice. This resulted in a period of lower than usual net charge-offs being recorded. While the lower charge-off expense was partially offset by a higher loan impairment provision charge resulting from fewer aged loans being written off, Plenti has sought to estimate the net remaining benefit and has reversed this out of the pro forma result as this is a non-recurring benefit.
8. Accelerated existing incentive plan vesting relates to the expected accelerated vesting of the existing incentive plan arrangement on IPO which is a one-off non-cash transaction.
9. Loss on derivative fair value relates to an increase in the fair value of the derivative liability to listing date and is incurred in connection with the convertible notes which all convert to ordinary equity upon listing.

Significant changes in the state of affairs

Corporate reorganisation

On 18 August 2020, the shareholders of the Company and Plenti Pty Limited and its controlled entities undertook a corporate reorganisation process prior to the IPO. Consequently, the Company acquired the already operating Plenti Pty Limited and its controlled entities (Pre-IPO Plenti Group).

This corporate reorganisation does not represent a business combination in accordance with AASB 3 'Business Combinations', and the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly, the financial statements have been presented as a continuation of the Pre-IPO Plenti Group. As such, financial statements of the Group include the historical financial information of the Pre-IPO Plenti Group for the period before the acquisition. These financial statements include the financial results for the Group from acquisition to 30 September 2020 and the Pre-IPO Plenti Group for the period 1 April 2020 to the date of acquisition.

The comparative information presented in the financial statements represents the financial position of the Pre-IPO Plenti Group as at 31 March 2020, and the financial performance of the Pre-IPO Plenti Group for the half-year ended 30 September 2019.

The equity structure in the Pre-IPO Plenti Group, including the number and type of equity instruments issued at the date of acquisition reflects the equity structure of the Company.

IPO

On 23 September 2020 Plenti listed on the ASX. The IPO raised $55 million in funds which will be used mainly to accelerate Plenti's growth through funding required equity investments in warehouse facilities and increasing investment in product and technology and sales and marketing.

Interim reporting

Under Section 323D of the Corporations Act, the Company's first required half year report would be 11 February 2021 being the 6 months from the date of incorporation. The Company has elected to apply relief from this requirement in accordance with ASIC instrument 2016/190. This interim report for the half-year ended 30 September 2020 is therefore not required under the Corporations Act. The Company has prepared this report for lodgment with the ASX as a matter of best practice to provide shareholders and other stakeholders transparency of actual performance for the 6 month period to 30 September 2020.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Daniel Foggo
Director

17 November 2020
Sydney

Auditor's independence declaration

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Auditor’s Independence Declaration

To the Directors of the Plenti Group Limited

As lead auditor for the review of Plenti Group Limited for the half-year ended 30 September 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Adam-Smith
Partner – Audit & Assurance

Sydney, 17 November 2020

Statement of profit or loss and other comprehensive income

For the half-year ended 30 September 2020

	Note	30 Sep 2020 $000's	30 Sep 2019 $000's
Revenue			
Interest revenue	3	**23,877**	18,271
Other income	4	**2,085**	149
Total revenue before transaction costs		**25,962**	18,420
Transaction costs		**(981)**	(768)
Net income		**24,981**	17,652
Expenses			
Funding costs		**(12,780)**	(9,603)
Expense passed to unitholders	5	**(123)**	147
Loan impairment expense		**(2,825)**	(4,417)
Sales and marketing expense		**(3,274)**	(4,624)
Product development expense		**(2,224)**	(2,266)
General and administrative expense		**(9,992)**	(3,986)
Depreciation and amortisation	6	**(382)**	(332)
Total expenses		**(31,600)**	(25,081)
Loss before income tax expense		**(6,619)**	(7,429)
Income tax expense		**-**	-
Loss after tax attributable to owners of Plenti Group Limited		**(6,619)**	(7,429)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges		**(233)**	-
Other comprehensive income for the year, net of tax		**(6,852)**	(7,429)
Total comprehensive income for the year attributable to the owners of Plenti Group Limited		**(6,852)**	(7,429)
		Cents	Cents
Basic earnings per share		**(20.29)**	(34.82)
Diluted earnings per share		**(20.29)**	(34.82)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 September 2020

	Note	30 Sep 2020 $000's	31 Mar 2020 $000's
Assets			
Cash and cash equivalents	7	**93,741**	42,028
Term deposits		**457**	457
Customer loans	8	**414,398**	360,184
Trade receivables		**296**	358
Other assets		**4,097**	2,434
Property, plant and equipment		**265**	303
Right of use assets		**838**	1,102
Intangibles		**259**	327
Total assets		**514,351**	407,192
Liabilities			
Trade payables		**3,450**	3,448
Other liabilities		**6,368**	4,813
Borrowings	9	**449,025**	401,982
Lease liabilities		**969**	1,206
Provisions		**970**	652
Derivative financial instruments		**269**	1,543
Total liabilities		**461,051**	413,644
Net assets/(liabilities)		**53,300**	(6,452)
Equity			
Issued capital	10	**105,841**	42,328
Reserves	10	**4,259**	1,401
Accumulated losses		**(56,800)**	(50,181)
Total equity/(deficiency)		**53,300**	(6,452)

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the half-year ended 30 September 2020

	Issued capital $000's	Reserves $000's	Accumulated losses $000's	Total equity $000's
Balance at 1 April 2019	42,328	856	(33,949)	9,235
Loss after income tax expense for the half-year	-	-	(7,429)	(7,429)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(7,429)	(7,429)
Transactions with owners in their capacity as owners:				
Share-based payments	-	150	-	150
Balance at 30 September 2019	42,328	1,006	(41,378)	1,956

	Issued capital $000's	Reserves $000's	Accumulated losses $000's	Total equity $000's
Balance at 1 April 2020	**42,328**	**1,401**	**(50,181)**	**(6,452)**
Loss after income tax expense for the half-year	**-**	**-**	**(6,619)**	**(6,619)**
Other comprehensive income for the half-year, net of tax	**-**	**(233)**	**-**	**(233)**
Total comprehensive income for the half-year	**-**	**(233)**	**(6,619)**	**(6,852)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	**63,513**	**-**	**-**	**63,513**
Share-based payments	**-**	**3,091**	**-**	**3,091**
Balance at 30 September 2020	**105,841**	**4,259**	**(56,800)**	**53,300**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the half-year ended 30 September 2020

	Note	30 Sep 2020 $000's	30 Sep 2019 $000's
Cash flow from operating activities			
Interest income received		**24,220**	17,861
Other income received		**2,085**	149
JobKeeper payments received		**1,469**	-
Interest and other finance costs paid		**(12,292)**	(9,603)
Payments to suppliers and employees		**(13,327)**	(10,817)
Net cash from/(used) in operating activities	15	**2,155**	(2,410)
Cash flow from investing activities			
Net increase in loans to customers		**(56,037)**	(56,994)
Payments for property, plant and equipment		**(12)**	(33)
Payments for intangibles		**-**	(296)
Proceeds from term deposits		**-**	7,000
Net cash used in investing activities		**(56,049)**	(50,323)
Cash flow from financing activities			
Proceeds from issue of shares		**55,000**	-
IPO and other share issuance costs paid		**(4,502)**	-
Proceeds from borrowings		**165,202**	85,560
Repayment of borrowings		**(109,799)**	(30,848)
Repayment of lease liabilities		**(294)**	(281)
Net cash from financing activities		**105,607**	54,431
Net increase in cash and cash equivalents		**51,713**	1,698
Cash and cash equivalents at the beginning of the half-year		**42,028**	28,520
Cash and cash equivalents at the end of the half-year		**93,741**	30,218

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1: Significant accounting policies

Plenti Group Limited ("the Company") is a company incorporated in Australia and listed on the Australian Stock Exchange. The Company was incorporated as a public company on 12 August 2020. On 18 August 2020 the shareholders of the Company and Plenti Pty Limited and its controlled entities undertook a corporate reorganisation process prior to the IPO. Consequently, the Company acquired the already operating Plenti Pty Limited and its controlled entities (Pre-IPO Plenti Group).

This corporate reorganisation does not represent a business combination in accordance with AASB 3 'Business Combinations', and the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly the financial statements have been presented as a continuation of the Pre-IPO Plenti Group. As such, financial statements of the Group include the historical financial information of the Pre-IPO Plenti Group for the period before the acquisition. These financial statements include the financial results for the Group from acquisition to 30 September 2020 and the Pre-IPO Plenti Group for the period 1 April 2020 to the date of acquisition.

The comparative information presented in the financial statements represents the financial position of the Pre-IPO Plenti Group as at 31 March 2020, and the financial performance of the Pre-IPO Plenti Group for the period ended 30 September 2019.

Under Section 323D of the Corporations Act, the Company's first half year report would be 11 February 2021 being the 6 months from the date of incorporation. The Company has elected to apply relief from this requirement in accordance with ASIC instrument 2016/190. This interim report for the half-year ended 30 September 2020 is therefore not required under the Corporations Act but has been prepared for lodgment with the Australian Securities Exchange as a matter of best practice to provide shareholders and other stakeholders transparency of actual performance for the 6 month period to 30 September 2020.

These general purpose financial statements for the interim half-year reporting period ended 30 September 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2020 and any public announcements made by the company during the interim reporting period, including the Plenti Prospectus in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2: Operating segments

Identification of reportable operating segments

The Group's operations consist primarily of the provision of financial services in Australia. The Group has considered the requirements of AASB 8 'Operating Segments' and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment which meets the requirements of AASB 8.

Major customers

There are no customers which account for more than 10% of the Group's revenue for the half-year ended 30 September 2020 (30 September 2019: none).

Note 3: Interest revenue

	30 Sep 2020 $000's	30 Sep 2019 $000's
Interest income	**18,038**	12,669
Origination and loan fees	**5,815**	5,371
Bank interest	**24**	231
Total interest revenue	**23,877**	18,271

Origination and loan fees are deferred upfront fees and commissions which are paid or received at loan origination but which are recognised as interest revenue over time using the effective interest rate method in accordance with AASB 9.

Note 4: Other income

	30 Sep 2020 $000's	30 Sep 2019 $000's
Other fee income	**545**	149
Government rebates	**1,540**	-
Total other income	**2,085**	149

Government rebates relate to government research and development incentives that are available to eligible businesses including Plenti. In financial year 2019, $966,000 was received in the second half of the year.

Note 5: Expense passed to unitholders

	30 Sep 2020 $000's	30 Sep 2019 $000's
Platform realised losses	**(5)**	(42)
Wholesale ECL movement	**(118)**	189
Total expense passed to unitholders	**(123)**	147

Note 5: Expense passed to unitholders (continued)

Expense passed to unitholders reflects the fact that some impairment expenses recognised by Plenti are passed on to investors in the Plenti Wholesale Lending Platform via a reduction in unitholder liabilities. This is recognised as a reduction in expenses (contra expense) in the statement of profit or loss. In the half-year to 30 September 2020 the credit performance of the Wholesale Lending Platform loans was very strong, resulting in the sum of recoveries and reduction in the ECL provision associated with the Wholesale Lending Platform exceeding recognised credit losses (i.e. total Loan impairment expense for the Wholesale Platform was a positive value). As such, the reversal of this position through the Expense passed to unitholders line in this period was a negative amount. Refer to note 8 on ECL provision for further information.

Note 6: Expenses

	30 Sep 2020 $000's	30 Sep 2019 $000's
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	**11**	11
Fixtures and fittings	**10**	9
Office equipment	**29**	20
Buildings right-of-use assets	**265**	265
Total depreciation	**315**	305
Amortisation		
Website	**67**	27
Total depreciation and amortisation	**382**	332
Finance costs		
Interest and finance charges paid/payable on warehouse borrowings	**743**	-
Interest and finance charges paid/payable on lease liabilities	**20**	30
Convertible note interest	**508**	-
Finance costs expensed	**1,271**	30
Superannuation expense		
Defined contribution superannuation expense	**526**	453
Share-based payments expense		
Share-based payments expense[1]	**3,091**	150

[1] At IPO, vesting of the historical ESOP options were accelerated resulting in an additional option expense of $2,497,000 in the current period.

Operating expenses for the half-year were $31,600,000 (30 September 2019: $25,081,000), of which employee expenses were $5,751,000 (30 September 2019: $6,462,000). Employee expenses in the current half-year benefited from JobKeeper receipts of $1,720,000 and salary reductions of $209,000. In the statement of profit or loss and other comprehensive income these employee expenses are included within the 'sales and marketing expense', the 'product development expense' and the 'general and administration expense' on a departmental allocation basis.

Note 7: Cash and cash equivalents

	30 Sep 2020 $000's	31 Mar 2020 $000's
Cash at bank	**53,930**	6,681
Cash held in trust	**27,368**	24,704
Cash held in Provision Fund	**12,443**	10,643
Total cash and cash equivalents	**93,741**	42,028

Cash held in trust

The trust cash balances are held as part of the Group's funding arrangements and are not available to the Group for any other purposes.

Cash held in Provision Fund

The Provision Fund was established to help protect retail investors in the Plenti Lending Platform from borrower late payment or default. Based on a determination by the Provision Fund Claims Committee, cash held in Provision Fund can be used to compensate retail investors in instances of late payment and default. Cash held in Provision Fund comes from borrowers and is incorporated as part of their loan. Cash held in Provision Fund is not available to the Group for general corporate purposes.

Note 8: Customer loans

	30 Sep 2020 $000's	31 Mar 2020 $000's
Gross customer loans	**435,093**	380,882
Less: Deferred upfront fees	**(9,938)**	(10,792)
Less: Allowance for expected credit losses	**(10,757)**	(9,906)
	414,398	360,184

	30 Sep 2020 $000's	31 Mar 2020 $000's
Movements in the allowance for expected credit losses are as follows:		
Opening balance	**9,906**	6,453
Additional provisions recognised	**2,176**	10,478
Loans written off during the period as uncollectible	**(2,143)**	(8,335)
Recoveries during the period	**818**	1,310
	10,757	9,906

Note 8: Customer loans (continued)

	30 Sep 2020 $000's	31 Mar 2020 $000's
Allowance for expected credit losses by credit portfolio are as follows:		
Retail	**9,030**	9,033
Wholesale	**668**	786
Warehouse	**1,059**	87
	10,757	9,906

	30 Sep 2020 $000's	31 Mar 2020 $000's
Allowance for expected credit losses by stages are as follows:		
Stage 1 - 12 month ECL	**4,066**	4,446
Stage 2 - Lifetime ECL not credit impaired	**4,642**	4,439
Stage 3 - Lifetime ECL credit impaired	**2,049**	1,021
	10,757	9,906

Impact of COVID-19

The ongoing economic impacts from the COVID-19 pandemic continues to increase the uncertainty in the ECL calculations, as government assistance and hardship arrangements offered by financial institutions have somewhat mitigated the full impacts of COVID-19. As such, the Group has increased the management ECL overlay by $1,403,000 reflecting the exceptional recent market environment and uncertain market outlook.

Note 9: Borrowings

	30 Sep 2020 $000's	31 Mar 2020 $000's
Investor funds on loan	**363,025**	374,609
Warehouse borrowings	**86,000**	18,500
Convertible notes	-	8,873
Total borrowings	**449,025**	401,982

Convertible notes and the embedded derivative was exercised on IPO. The associated value of the convertible note and embedded derivative was transferred to share capital.

Note 10: Equity

Movements in ordinary share capital

	Shares	Issue price	$000's
1 April 2020	21,333,074		42,328
IPO shares to existing shareholders (shares split 6:1)	106,665,370		
Convertible notes conversion	7,701,209		11,279
Initial public issuance of shares	33,132,530		55,000
Share issue costs	-	$1.66	(2,766)
30 September 2020	168,832,183		105,841

Movement in reserves

	30 Sep 2020 $000's	31 Mar 2020 $000's
Share based payments reserve		
Opening balance	1,437	856
Share based payments expense	3,091	581
	4,528	1,437

	30 Sep 2020 $000's	31 Mar 2020 $000's
Cash flow hedge reserve		
Opening balance	(36)	-
Hedging loss	(233)	(36)
	(269)	(36)

Note 11: Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Note 11: Fair value measurement (continued)

30 September 2020	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Liabilities				
Cash flow hedges	**269**	-	-	**269**
	269	-	-	**269**

31 March 2020	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Liabilities				
Cash flow hedges	36	-	-	36
Embedded derivatives	-	1,507	-	1,507
	36	1,507	-	1,543

Embedded derivatives related to the conversion option that was available to the convertible note holders. The conversion option was exercised on IPO and hence this amount does not appear on the balance sheet at 30 September 2020. The value of the derivative at the time of conversion to equity was $1,917,000.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 12: Contingent liabilities

The Group has given bank guarantees as at 30 September 2020 of $352,000 (31 March 2020: $352,000) to Perpetual Trustee Company Limited and KI Martin Place Pty Ltd. This is secured by the term deposit held by the Group.

The Group has given collateral security as at 30 September 2020 of $95,000 (31 March 2020: $95,000) to the superannuation clearing house as a Transaction Negotiation Authority relating to payment of superannuation.

Note 13: Related party transactions

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 Sep 2020 $000's	31 Mar 2020 $000's
Unitholder liabilities	**363,025**	374,609

Unitholder liabilities are funds invested by retail and wholesale investors into the lending platforms managed by the Group.

Plenti has a revolving credit facility of $3 million in place with the Westbourne Trust, which is a family trust of which Daniel Foggo (Chief Executive Officer) is a discretionary beneficiary. The facility has been entered into by Plenti on arm's length terms for an unsecured business loan and carries an annual interest rate of 10.0%. The credit facility is non-amortising and has a maturity date of October 2021. The facility remains undrawn as at 30 September 2020.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 14: Events after the reporting period

Subsequent to 30 September 2020 the Group has received confirmation from its funders that they have credit approval to expand the automotive warehouse funding limit from $150 million to $275 million. The increase in the warehouse limit is subject to completion of legal documentation.

The Group is also in the process of negotiating a new warehouse facility to fund personal loans and renewable energy loans.

No other matter or circumstance has arisen since 30 September 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 15: Reconciliation of loss after income tax to net cash from operating activities

	30 Sep 2020 $000's	30 Sep 2019 $000's
Loss after income tax expense for the half-year	**(6,619)**	(7,429)
Adjustments for:		
Depreciation and amortisation	**382**	332
Loan impairment expense	**2,825**	4,417
Share-based payments	**3,091**	150
IPO costs	**2,327**	-
Other non-cash items	**1,078**	(117)
Change in operating assests and liabilities:		
Decrease in deferred fees and commissions	**(855)**	104
Increase in trade receivables	**62**	(488)
Increase in other operating assets	**(1,663)**	(85)
Increase in trade payables	**191**	1
Increase in other operating liabilities	**1,336**	705
Net cash from/(used) in operating activities	**2,155**	(2,410)

Note 16: Earnings per share

	30 Sep 2020 $000's	30 Sep 2019 $000's
Loss after income tax attributable to the owners of Plenti Group Limited	**(6,619)**	(7,429)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**32,617,159**	21,333,074
Weighted average number of ordinary shares used in calculating diluted earnings per share	**32,617,159**	21,333,074
	Cents	**Cents**
Basic earnings per share	**(20.29)**	(34.82)
Diluted earnings per share	**(20.29)**	(34.82)

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with, the Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 September 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

Daniel Foggo

Daniel Foggo
Director

17 November 2020
Sydney

Independent auditor's review report to the members of Plenti Group Limited

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Independent Auditor's Report

To the Members of Plenti Group Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Plenti Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Plenti Group Limited does not give a true and fair view of the financial position of the Group as at 30 September 2020, and of its financial performance and its cash flows for the half year ended on that date in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report does not give a true and fair view of the Group's financial position as at 30 September 2020 and its performance for the half year ended on that date in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of Plenti Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Adam-Smith
Partner – Audit & Assurance

Sydney, 17 November 2020

Plenti