



17 November 2021

ASX Release

FY22 Half Year Results

Plenti Group Limited (ASX:PLT) provides the attached FY22 Half Year Results (incorporating Appendix 4D).

ENDS

Authorised for release by the Board of Plenti Group Limited.

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About Plenti

Plenti is a fintech lender, providing faster, fairer loans through smart technology.

We offer award-winning automotive, renewable energy and personal loans, delivered by proprietary technology, to help creditworthy borrowers bring their big ideas to life.

Since establishment in 2014, our loan originations have grown consistently, supported by diversified loan products, distribution channels and funding, and underpinned by our exceptional credit performance and continual innovation.

For more information visit plenti.com.au/shareholders

Plenti Group Limited
ABN 11 643 435 492

Plenti Group Limited

Appendix 4D - Half year report

Company details

Name of entity:	Plenti Group Limited
ABN:	11 643 435 492
Reporting period:	For the half-year ended 30 September 2021
Previous period:	For the half-year ended 30 September 2020

Results for announcement to the market

		vs 1H21		\$'000
Revenues from ordinary activities	up	43.4%	to	37,223
Loss from ordinary activities after tax attributable to the owners of Plenti Group Limited	up	12.9%	to	(7,475)
Loss for the half-year attributable to the owners of Plenti Group Limited	up	12.9%	to	(7,475)

Dividends

There were no dividends paid, recommended or declared during the half-year ended 30 September 2021.

Comments

The loss for the Group after providing for income tax amounted to \$7,475,000 (30 September 2020: \$6,619,000) an increase of 12.9% on the prior comparative period.

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	23.41	31.42

The decrease in the net tangible assets per ordinary security was largely driven by a reduction in the net assets. The number of ordinary shares also increased due to exercise of share options.

Other information

This information should be read in conjunction with the 2021 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 30 September 2021.

This report is based on the consolidated financial statements for the half-year ended 30 September 2021 which have been reviewed by Grant Thornton Audit Pty Ltd.

Plenti Group Limited

Interim Report - 30 September 2021

ABN 11 643 435 492

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General information

The financial statements cover Plenti Group Limited as a Group consisting of Plenti Group Limited and the entities it controlled at the end of, or during, the half-year ended 30 September 2021. 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:

Level 5
14 Martin Place
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is 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 16 November 2021.

Corporate directory

Directors

Mary Ploughman (Chairman)
Daniel Foggo
Susan Forrester AM
Martin Dalglish
Peter Behrens

Company secretary

Georgina Koch
David Hwang

Registered office and principal place of business

Level 5
14 Martin Place
Sydney NSW 2000

Share register

Automic Pty Limited
Level 5
126 Phillip Street
Sydney NSW 2000

Auditor

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

Stock exchange listing

Plenti Group Limited shares are listed on the Australian Securities Exchange (ASX code: PLT)

Website

www.plenti.com.au

Corporate Governance Statement

www.plenti.com.au/shareholders/corporate-governance

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') 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 2021 (1H22).

Directors

The following persons were appointed directors of Plenti Group Limited and remained a director during 1H22 and up to the date of this report, unless otherwise stated:

- Mary Ploughman (Chairman)
- Daniel Foggo
- Martin Dalgleish
- Peter Behrens
- Susan Forrester

Principal activities

Plenti is a fintech lending business providing faster, fairer loans through smart technology. Plenti provides creditworthy borrowers with automotive, renewable energy and personal loans, delivered by its proprietary technology. 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 1H22, 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 Group's securitisation programs.

Dividends

There were no dividends paid, recommended or declared during 1H22 or during the half-year ended 30 September 2020 (1H21).

Review of operations

During 1H22, Plenti continued to expand its funding and product mix and delivered exceptional business results including:

- Record half-year loan originations of \$472.8 million, up 183% on 1H21
- Record loan portfolio of \$915.1 million, up 110% on 1H21
- Record half-year revenue of \$37.2 million, up 43%, with interest revenue up 53% on 1H21
- Commercial automotive loan offering successfully launched, approximately doubling Plenti's addressable market in automotive finance
- Inaugural asset-backed securities \$306.3 million transaction completed, significantly reducing funding costs
- Expanded the renewable energy and personal loan warehouse facility limit by \$200 million to \$300 million
- Market-leading credit performance with 0.7% net loss rate and low 90+ day arrears at 26 basis points at 30 September 2021.

For the half-year ended 30 September 2021, the Group reported a statutory net loss after tax of \$7,475,000 (1H21: \$6,619,000), a 12.9% increase from 1H21.

The statutory results of 1H21 were impacted by several material non-recurring items, including costs relating to the IPO of Plenti shares on the ASX and one-off benefits, primarily COVID-19 related government subsidy payments. No pro forma adjustments were required for the current half-year.

On a pro forma basis, for the half-year ended 30 September 2021 the Group reported a net loss after tax of \$7,475,000 (1H21: \$3,437,000), a 117% increase from 1H21. This change was primarily driven by a higher expected credit loss ('ECL') impairment charge in the current period which reflected the more rapid growth in the loan portfolio in 1H22.

Cash NPAT for 1H22 was \$(2,224,000) (1H21: \$1,491,000). Cash NPAT excludes the non-cash ECL impairment charge as well as share-based payments and depreciation and amortisation.

Earnings per share ('EPS') of (4.43) cents on a statutory basis improved 12% on 1H21 of (5.05) cents.

The table below sets out the financial results for the half-year compared to the 1H21 pro forma results. It is noted that 1H21 was materially impacted by initial lockdowns and market disruption due to COVID-19. A consequence of this is that some aspects of the financial results are less comparable between the two periods, as outlined further in the commentary below.

	September 2021 \$'000	September 2020 \$'000	Change \$'000	Change %
Interest revenue	36,636	23,877	12,759	53%
Other income	587	2,085	(1,498)	(72%)
Total revenue before transaction costs	37,223	25,962	11,261	43%
Transaction costs	(3,208)	(981)	(2,227)	227%
Funding costs	(14,500)	(12,272)	(2,228)	18%
Expense passed to unitholders	(158)	(123)	(35)	28%
Loan impairment expense				
Realised impairment losses	(2,533)	(2,185)	(348)	16%
ECL movement	(3,463)	(852)	(2,611)	306%
Sales and marketing expense	(7,326)	(4,014)	(3,312)	83%
Product development expense	(3,313)	(2,477)	(836)	34%
General and administrative expense				
Operations	(4,579)	(2,242)	(2,337)	104%
Business overhead	(5,162)	(3,871)	(1,291)	33%
Depreciation and amortisation	(456)	(382)	(74)	19%
Total expenses	(41,490)	(28,418)	(13,072)	46%
Net loss after income tax expense	(7,475)	(3,437)	(4,038)	117%
Cash NPAT	(2,224)	(1,491)	(733)	49%

Notes:

1. Pro forma adjustments in 1H21 and Cash NPAT have not been audited.

2. A reconciliation to the statutory result and details of the pro forma adjustments is set out on pages 11-12 under 'Statutory to pro forma reconciliation'.

3. A reconciliation of the pro forma net loss after income tax expense to Cash NPAT is set out on page 12.

Total revenue before transaction costs increased 43%, with interest revenue increasing by 53% and other income decreasing from \$2.1 million in 1H21 to \$0.6 million in 1H22. Interest revenue growth was driven by the substantial increase in the size of the Group's loan portfolio during 1H22, 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 and personal lending also continued to grow solidly in 1H22.

Funding costs increased by 18% as a result of higher borrowings to support loan growth, but the materially lower rate of growth compared with loan portfolio growth reflected the transition to more cost-effective funding sources. Realised loan impairments grew 16% while the ECL provision expense grew 306%. The significant growth in the ECL provision primarily reflected the significantly greater growth in the loan book compared with 1H21, where loan growth was impacted by COVID-19.

On a pro forma basis, sales and marketing expense increased 83% to \$7.3 million, reflecting a return to a more normal investment level in driving new lending than in 1H21 where marketing was materially reduced in response to the uncertainty caused by the initial spread of COVID-19. Product development expense increased 34% to \$3.3 million as Plenti continued to invest in its technology platform, while general and administrative expenses increased 59% to \$9.7 million. The increased spend relates to staff and loan processing costs to support business growth.

Loan originations and portfolio	September 2021	September 2020	Change %
Originations (\$'000)	472,812	167,043	183%
Loan portfolio (half-year end) (\$'000)	915,134	435,093	110%
Loan portfolio (average) (\$'000)	754,813	393,454	92%
Average monthly amortisation rate (%)	3.8	4.0	(6)%
Average term of originations (months)	65	63	4%
Number of originations	19,844	8,110	145%
Average value of loan originations	23,826	20,597	16%

Loan origination volumes of \$472.8 million for 1H22, an increase of 183% on 1H21, saw the total loan portfolio grow to \$915.1 million as at 30 September 2021. This represented a 110% increase on the loan portfolio as at 30 September 2020.

Growth in the overall loan portfolio is also impacted by the loan amortisation rate (rate at which loans pay back). Overall, the amortisation rate has decreased from 4.0% to 3.8% as Plenti's loan portfolio increasingly transitions to longer life automotive and renewable energy loans.

Growth was achieved in the number of loan originations, which increased 145% on 1H21, while the average loan amount also increased 16% due to the increasing proportion of larger automotive loans.

Loan origination by channel	September 2021	September 2020	Change %
Automotive originations (\$'000)	257,690	81,110	218%
Renewable originations (\$'000)	46,350	28,473	63%
Personal loan originations (\$'000)	168,772	57,459	194%

Automotive originations increased significantly over the half-year as the benefits from 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 secured automotive loan warehouse facility and the establishment of the Auto ABS Trust.

Renewable energy finance originations also grew substantially over the half-year despite COVID-19 related restrictions during 1H22. Growth was particularly strong in Queensland and South Australia. In early 2021 Plenti launched a "buy-now, pay-later" offering in the renewable energy market. Uptake of this product offering has helped drive growth in this channel.

Personal loan originations increased to \$168.8 million, up 194% on 1H21. The growth was driven by increased investment in digital marketing, an expanded broker coverage team and the benefits of funding from a warehouse facility, including the related ability to offer longer term loans to customers. Growth also reflected increased demand in the personal lending market compared with 1H21 where demand was subdued due to the broader impacts of COVID-19.

Product margin and funding costs	September 2021	September 2020
Average interest rate (%)	9.7	12.1
Transaction costs / average loan portfolio (%)	0.8	0.5
Average funding rate (%)	4.0	6.3
Funding debt (half-year end) (\$'000)	894,109	420,011
Funding debt (average) (\$'000)	724,209	389,134

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 portfolio for the half-year.

The average interest rate reduced to 9.7% in 1H22, down from 12.1% on 1H21. This reduction primarily reflected the increased proportion of automotive and renewable energy loans in the loan portfolio, which typically earn lower interest rates than personal loans, reflecting their relatively strong expected credit performance.

Transaction costs relate to amortisation of commissions paid to brokers on origination of new loans, treated under the effective interest rate method. It is therefore instructive to assess them as a rate against the average loan portfolio. Transaction costs increased to 0.8% of the average loan portfolio from 0.5% in 1H21, reflecting a greater proportion of automotive loans originated in the period, which typically carry higher commissions.

The average funding rate paid by the Group significantly reduced from 6.3% in 1H21 to 4.0% during 1H22. The material improvement in funding costs reflected the increasing proportion of the loan portfolio funded from warehouse facilities which carry a substantially lower cost of funds than the Group's historic funding sources, as well as reduced funding rates from the Company's retail funding through the Plenti Lending Platform. The funding rate also reduced in the half-year due to the completion of Plenti's first Auto ABS at a further discount to the cost of warehouse funding (only impacting part of August and September).

Credit performance	September 2021	September 2020
Loan impairment - net charge off (\$'000)	2,533	2,185
Loan impairment - provision movement (\$'000)	3,463	852
Provision rate (%)	1.8	2.5
Net charge off to interest revenue (%)	6.9	9.2
Net charge off to average loan portfolio (%)	0.7	1.1

Total loan impairment expense increased 15.9% compared with 1H21, although the net charge off rate fell from 1.1% to 0.7%. The reduced net charge off rate was due to a number of factors. A primary driver was the shift in the Group's loan portfolio towards automotive and renewable loans which typically exhibit stronger credit characteristics and lower average loss rates than personal loans. In addition, the Group benefited from the economy wide strength in consumer credit due to government support payments, strong employment and reduced consumer discretionary spending during lockdowns.

The Group's expected credit loss ('ECL') provision as at 30 September 2021 was \$16.3 million, representing 1.8% of the total loan portfolio. This compares with \$10.7 million, or 2.5% of the loan portfolio as at 30 September 2020. The ECL value was impacted by two main factors. The first was the increase in the total value of the Group's loan portfolio which, all other things being equal, increases the value of the ECL. This was offset by the structural shift in the loan portfolio to lower risk automotive and renewable loans, which attract lower provision rates. Management have maintained a specific \$1.2 million provision to account for "deferred losses" due to the impact of COVID-19 and particularly recent lockdowns in NSW and Victoria. This was consistent with the amount carried as at 31 March 2021.

Pro forma operating metrics	September 2021	September 2020
Cost to income ratio	54.7%	48.5%
Sales and marketing expense to revenue ratio	19.7%	15.5%
Product development expense to revenue ratio	8.9%	9.5%
General and administrative expense to revenue ratio	26.1%	23.5%
Overall cost to originations ratio ¹	4.3%	6.4%

Note:

1. This ratio excludes the months of April and May 2020 as the impact of COVID-19 distorts the ratio if they were included (including these months 1H21 value is 7.5%).

Plenti's operating cost-to-income ratio, on a pro forma basis, increased to 54.7% in 1H22, from 48.5% in 1H21. The primary driver of the increase was the normalisation in spend and increased investment in growth in the current period, whereas in the prior comparative period spend had been significantly curtailed due to uncertainty arising from COVID-19.

Sales and marketing expense increased to \$7.3 million in 1H22 from \$4.0 million in 1H21. This was largely driven by a \$2.8 million increase in marketing costs as Plenti increased investment in its brand and digital loan channel customer acquisition. Investment in sales and marketing staff also contributed to the increase.

Product and development expense was \$3.3 million, an increase of 34% on 1H21, reflecting ongoing investment in the Group's proprietary technology platform and personnel costs to support new product development.

General and administrative expense ('G&A') increased 59% to \$9.7 million. The G&A expense line includes both loan operations (loan processing, underwriting, settlement, loan servicing) and business support functions such as finance and legal, as well as the executive team. Operations costs increased by 104% driven by higher staff and credit scoring costs to support loan origination volume growth of 182%. The variance on 1H21 was also impacted by a restructuring of some sales support functions from Sales and marketing in 1H21 to G&A in 1H22 – adjusting for this reallocation (\$313,000 in 1H21) the underlying increase was 79%. In relation to business overheads, which rose 33%, the increase in costs principally related to personnel costs including equity incentive payments for the senior leadership group which are also accounted for in G&A, offset by lower professional fees.

The cost to income ratio can provide a "lagged" view of operating efficiency, as the effective interest rate method of accounting spreads loan income over the expected life of the loan but only spreads some costs in loan originations. Accordingly, management believes that it is instructive to also report a cost to loan originations ratio, which has reduced from 6.4% to 4.3% - a 33% reduction. The cost to origination ratio provides a more direct view of operating leverage by comparing loan originations in the period to the costs associated with originating those loans. Management notes that the shift in the portfolio towards automotive lending, where the majority of costs are treated under the effective interest rate method, has supported an improvement in this ratio, in addition to broader operating leverage in the business.

Balance sheet	September 2021 \$'000	March 2021 \$'000	Change \$'000	Change %
Assets				
Cash and cash equivalents	98,350	87,923	10,427	12%
Customer loans	887,388	591,590	295,798	50%
Other assets	17,994	9,686	8,308	86%
Total assets	1,003,732	689,199	314,533	46%
Liabilities				
Trade payables	4,064	4,635	(571)	(12%)
Borrowings	946,729	629,484	317,245	50%
Other liabilities	13,252	9,135	4,117	45%
Total liabilities	964,045	643,254	320,791	50%
Net assets	39,687	45,945	(6,258)	(14%)

Cash and cash equivalents of \$98.4 million was a 12% increase on 31 March 2021, driven primarily by the increase in the trust bank accounts available for funding loans.

Notably, corporate cash was flat versus the start of the period (\$29.3 million at September 2021, versus \$29.4 million at March 2021). Maintenance of the corporate cash balance, despite the significant increase in the Company's loan portfolio, reflected the Group's ability to reduce its proportionate contribution to funding in its warehouse and ABS structures. In August 2021 the Group successfully restructured its automotive warehouse to materially reduce the percentage of loans funded by the Group from its own balance sheet. Further benefits were achieved through the Plenti Auto ABS 2021-1 where the Group funded only 0.5% of the loan principal balances and also refinanced \$6.3 million of rate commission notes than had previously been funded on the Group's balance sheet.

Of the remaining cash balance, \$14.3 million is held in the Provision Fund (March 2021: \$14.0 million) to cover losses on the Plenti Lending Platform. The remaining cash balance of \$54.8 million (March 2021: \$44.5 million) is held in trust bank accounts either in relation to Retail Lending Platform or the securitisation facilities.

Customer loans increased 50%, driven by strong origination volumes during 1H22. Gross customer loans grew to \$915.1 million with strong growth across all verticals.

Other represents pre-paid rate commissions, trade receivables, PPE, right of use assets, intangibles and other assets. The increase is driven by an increase in prepaid commission expenses in line with the growth in automotive loan originations and increased right of use assets with the initiation of a new lease agreement for the Sydney head-office.

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.

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, accrued interest payable on warehouse borrowings and increased lease liabilities relating to the new lease for the Sydney head-office.

Funding	September 2021 \$'000	March 2021 \$'000	Change \$'000	Change %
Borrowings				
Plenti Lending Platform	255,642	300,152	(44,510)	(15%)
Wholesale Lending Platform	40,004	48,082	(8,078)	(17%)
Warehouse facilities and ABS Trust	651,083	281,250	369,833	131%
Total borrowings	946,729	629,484	317,245	50%

Plenti benefits from having established several loan funding platforms which provides diversification in capital sources. At 30 September 2021, \$255.6 million of loan funding came from the Plenti Lending Platform, \$40.0 million from the Wholesale Lending Platform and \$651.1 million from the Warehouse facilities and ABS Trust.

At 30 September 2021, the Group had a total of \$13.5 million invested in subordinated notes. This value is not shown on the face of the balance sheet as it is eliminated in the consolidated group accounts.

Cash flow	September 2021 \$'000	September 2020 \$'000	Change \$'000	Change %
Interest income received	42,841	24,220	18,621	77%
Other income	587	2,085	(1,498)	(72%)
JobKeeper payments received	-	1,469	(1,469)	(100%)
Interest and other finance costs paid	(14,184)	(12,292)	(1,892)	15%
Payments to suppliers and employees	(33,518)	(13,327)	(20,191)	152%
Cash flows from operating activities	(4,274)	2,155	(6,429)	
Net increase in loans to customers	(301,246)	(56,037)	(245,209)	438%
Other investing activities	(351)	(12)	(339)	2,825%
Repayment of term deposits	(99)	-	(99)	-
Cash flows from investing activities	(301,696)	(56,049)	(245,647)	
Net proceeds from issue of shares	-	55,000	(55,000)	(100%)
IPO and other share issuance costs paid	-	(4,502)	4,502	(100%)
Proceeds from borrowings	721,028	165,202	555,826	336%
Repayment of borrowings	(404,250)	(109,799)	(294,451)	268%
Repayment of lease liabilities	(381)	(294)	(87)	30%
Cash flows from financing activities	316,397	105,607	210,790	
Net increase in cash	10,427	51,713	(41,286)	

	September 2021 \$'000	September 2020 \$'000	Change \$'000	Change %
Reconciliation of net loss after tax to cash flow from operating activities:				
Statutory net loss after tax	(7,475)	(6,619)	(856)	13%
Add back: loan impairment expense	5,996	2,825	3,171	112%
Add back: share-based payments	1,190	3,091	(1,901)	(62%)
Add back: depreciation and amortisation	456	382	74	19%
Add back: IPO costs	-	2,327	(2,327)	(100%)
Add back: other non-cash items	97	1,078	(981)	(91%)
Movement in working capital	(4,538)	(929)	(3,609)	388%
Cash flow from operating activities	(4,274)	2,155	(6,429)	

Net cash outflow from operating activities in 1H22 was \$4.3 million. Two key items of variance compared with 1H21 were the absence of the government R&D rebate which contributed \$1.5 million in 1H21 (now received as a future tax benefit) and JobKeeper income (\$1.5m in 1H21). The other primary driver was the increase in payments to suppliers due to growth in automotive lending which involves higher commissions to brokers due to the greater value of these loans. Broker commission payments are treated under the effective interest rate method in the profit or loss and hence cash payments will exceed the reported expense when the business is growing rapidly.

Group cash flow from operating activities includes cashflows in relation to the Provision Fund. In 1H22, the net operating cashflows of the Provision Fund was \$2.4 million (1H21: \$2.6 million). Cash outflow from operating activities for the Group excluding the Provision Fund was \$6.7 million (1H21: \$0.4 million).

Net cash outflow from investing activities increased by to \$301.7 million reflecting the significant growth in originations volume during the half-year.

Net cash inflow from financing activities increased to \$316.4 million, due to proceeds from increased funding from the securitisation vehicles.

Statutory to pro forma reconciliation

The table below sets out the pro forma adjustments applied in the half-year ended 30 September 2020, by line item, in the statement of profit or loss. No pro forma adjustments were applied for the current reporting half-year. The adjustments are intended to provide a normalised view of the operating performance of the Group, 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.

	September 2020 Statutory \$'000	2020 Pro forma adjustments \$'000	September 2020 Pro forma \$'000
Revenue			
Interest revenue	23,877	-	23,877
Other income	2,085	-	2,085
Revenue before transaction costs	25,962	-	25,962
Transaction costs	(981)	-	(981)
Expenses			
Funding costs	(12,780)	508	(12,272)
Expenses passed to unitholders	(123)	-	(123)
Loan impairment expense	(2,825)	(212)	(3,037)
Sales and marketing expense	(3,274)	(740)	(4,014)
Product development expense	(2,224)	(253)	(2,477)
General and administrative expense	(9,992)	3,879	(6,113)
Depreciation and amortisation	(382)	-	(382)
Total expenses	(31,600)	3,182	(28,418)
Total loss after income tax expense	(6,619)	3,182	(3,437)

Summary of pro forma adjustments

Further details in relation to the individual elements of the pro forma adjustments above can be obtained from the 30 September 2020 interim financial report.

Pro forma net loss after income tax to Cash NPAT reconciliation

In addition to the statutory results presented above, the Group also assess profitability based on a 'Cash NPAT' measure which is calculated as set out below. Management believes that Cash NPAT is particularly useful to understand given that it reverses out the impact of the non-cash ECL provision expense in a period. As is evidenced by the comparison below, the ECL expense will generally be lower in a period during which there is limited loan book growth (such as the half-year to September 2020) and higher when loan book growth has been significant (such as the current half-year). Hence high growth in loan originations and loan book, which is value accretive for the Group, results in a lower statutory profit result, all other things being equal.

Pro forma operating metrics	September 2021 \$'000	September 2020 \$'000
Pro forma loss after income tax	(7,475)	(3,437)
Add back: ECL provision (excluding ECL provision expense passed to unitholders)	3,605	970
Share based payments	1,190	594
Depreciation and amortisation	456	382
Cash NPAT	(2,224)	(1,491)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year ended 30 September 2021.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 September 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.


This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Daniel Robert Foggo
Director

16 November 2021
Sydney



Mary Ploughman
Director

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 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 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, 16 November 2021

Statement of profit or loss and other comprehensive income

For the half-year ended 30 September 2021

	Note	Consolidated	
		September 2021 \$'000	September 2020 \$'000
Revenue			
Interest revenue	3	36,636	23,877
Other income	4	587	2,085
Revenue before transaction costs		37,223	25,962
Transaction costs		(3,208)	(981)
Net income		34,015	24,981
Expenses			
Funding costs		(14,500)	(12,780)
Expense passed to unitholders	5	(153)	(123)
Customer loan impairment expense		(5,996)	(2,825)
Sales and marketing expense		(7,326)	(3,274)
Product development expense		(3,313)	(2,224)
General and administration expense		(9,741)	(9,992)
Depreciation and amortisation expense	6	(456)	(382)
Total expenses		(41,490)	(31,600)
Loss before income tax expense		(7,475)	(6,619)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Plenti Group Limited		(7,475)	(6,619)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Hedging gain/(loss)		27	(233)
Other comprehensive income/(loss) for the half-year, net of tax		27	(233)
Total comprehensive loss for the half-year attributable to the owners of Plenti Group Limited		(7,448)	(6,852)

	Note	September 2021 Cents	September 2020 Cents
Basic earnings per share	16	(4.43)	(5.05)
Diluted earnings per share	16	(4.43)	(5.05)

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 2021

	Note	Consolidated	
		September 2021 \$'000	March 2021 \$'000
Assets			
Cash and cash equivalents	7	98,350	87,923
Term deposits		580	482
Customer loans	8	887,388	591,590
Trade receivables		38	62
Other assets		13,278	8,047
Derivative financial instruments		56	-
Property, plant and equipment		582	295
Right-of-use assets		3,336	609
Intangibles		124	191
Total assets		1,003,732	689,199
Liabilities			
Trade payables		4,064	4,635
Other liabilities		8,460	7,369
Borrowings	9	946,729	629,484
Lease liabilities		3,311	702
Provisions		1,439	1,051
Derivative financial instruments		42	13
Total liabilities		964,045	643,254
Net assets		39,687	45,945
Equity			
Issued capital		105,939	105,934
Reserves	10	6,496	5,284
Accumulated losses		(72,748)	(65,273)
Total equity		39,687	45,945

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 2021

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
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 loss for the half-year, net of tax	-	(233)	-	(233)
Total comprehensive loss 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

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 April 2021	105,934	5,284	(65,273)	45,945
Loss after income tax expense for the half-year	-	-	(7,475)	(7,475)
Other comprehensive income for the half-year, net of tax	-	27	-	27
Total comprehensive income/(loss) for the half-year	-	27	(7,475)	(7,448)
Transactions with owners in their capacity as owners:				
Share-based payments	-	1,190	-	1,190
Exercise of share options	5	(5)	-	-
Balance at 30 September 2021	105,939	6,496	(72,748)	39,687

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 2021

	Note	Consolidated	
		September 2021 \$'000	September 2020 \$'000
Cash flows from operating activities			
Interest income received		42,841	24,220
Other income received		587	2,085
Jobkeeper payments received		-	1,469
Interest and other finance costs paid		(14,184)	(12,292)
Payments to suppliers and employees		(33,518)	(13,327)
Net cash (used in)/from operating activities	15	(4,274)	2,155
Cash flows from investing activities			
Net increase in loans to customers		(301,246)	(56,037)
Payments for property, plant and equipment		(351)	(12)
Repayment of term deposits		(99)	-
Net cash used in investing activities		(301,696)	(56,049)
Cash flows from financing activities			
Proceeds from issue of shares		-	55,000
IPO and other share issuance costs paid		-	(4,502)
Proceeds from borrowings		721,028	165,202
Repayment of borrowings		(404,250)	(109,799)
Repayment of lease liabilities		(381)	(294)
Net cash from financing activities		316,397	105,607
Net increase in cash and cash equivalents		10,427	51,713
Cash and cash equivalents at the beginning of the half-year		87,923	42,028
Cash and cash equivalents at the end of the half-year		98,350	93,741

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

Notes to the financial statements

30 September 2021

Note 1: Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, 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 2021 and any public announcements made by the Company during the interim reporting period 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 Group 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 (2020: none).

Note 3: Interest revenue

	Consolidated	
	September 2021 \$'000	September 2020 \$'000
Interest income	29,981	18,038
Origination and loan fees	6,634	5,815
Bank interest	21	24
Total interest revenue	36,636	23,877

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

	Consolidated	
	September 2021 \$'000	September 2020 \$'000
Other fee income	587	545
Government rebates	-	1,540
Total other income	587	2,085

Other fee income is recognised at a point in time. The income is recognised entirely from Australian customers.

Government rebates relate to government research and development incentives that are available to eligible businesses including Plenti. During the current half-year, the government rebate will be received in the form of future tax offsets as Plenti no longer meets the eligibility criteria to receive a cash refund.

Note 5: Expense passed to unitholders

	Consolidated	
	September 2021 \$'000	September 2020 \$'000
Platform realised losses	15	5
Wholesale ECL movement	143	118
Total expense passed to unitholders	158	123

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. Conversely, a reduction in the expected credit loss ('ECL') provision relating to the Plenti Wholesale Lending Platform results in an increase in expenses passed on to unitholders.

Note 6: Expenses

	Consolidated	
	September 2021 \$'000	September 2020 \$'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	11	11
Fixtures and fittings	10	10
Office equipment	42	29
Buildings right-of-use assets	325	265
Total depreciation	388	315
Amortisation		
Website	68	67
Total depreciation and amortisation	456	382
Finance costs		
Interest and finance charges paid/payable on warehouse borrowings	5,940	743
Interest and finance charges paid/payable on lease liabilities	22	20
Convertible note interest	-	508
Finance costs expensed	5,962	1,271
Superannuation expense		
Defined contribution superannuation expense	844	526
Share-based payments expense		
Share-based payments expense ¹	1,190	3,091

¹ At IPO, vesting of the historical ESOP options were accelerated resulting in an additional share-based payments expense of \$2,497,000 in the prior half-year.

Operating expenses for the half-year were \$41,490,000 (2020: \$31,600,000), of which employee expenses were \$11,513,000 (2020: \$5,751,000). During the prior half-year employee expenses benefited from JobKeeper receipts of \$1,720,000 and net COVID-related 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

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Cash at bank	29,251	29,437
Cash held in trust	54,820	44,507
Cash held in Provision Fund	14,279	13,979
Total cash and cash equivalents	98,350	87,923

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. The balances held in the trust bank accounts include amounts received by investors on the Lending Platforms but not currently on loan to borrowers and amounts drawn from funders in the Warehouse funding facilities which are available for funding loan receivables. As at 30 September 2021, investor cash held in the Lending Platforms totalled \$30,822,000 and \$22,254,000 of funds available in accounts relating to the Warehouse facilities. A further \$1,744,000 was held in a restricted account in relation to funding of a government program.

Cash held in Provision Fund

The Provision Fund was established to help protect retail investors in the Group's Retail Lending Platform from losses relating to 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 who contribute an amount based on their risk profile 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

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Gross customer loans	915,134	614,635
Less: Deferred upfront fees	(11,417)	(10,178)
Less: Allowance for expected credit losses	(16,329)	(12,867)
Total customer loans	887,388	591,590

The gross customer loan receivables and allowance for expected credit losses by portfolio for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit loss	
	Sept 2021 %	March 2021 %	Sept 2021 \$'000	March 2021 \$'000	Sept 2021 \$'000	March 2021 \$'000
Retail	2.8%	3.0%	231,330	282,904	6,572	8,449
Wholesale	1.2%	1.3%	38,131	46,671	456	599
Warehouse	1.4%	1.3%	645,673	285,060	9,301	3,819
			915,134	614,635	16,329	12,867

Note 8: Customer loans (continued)

Allowance for expected credit losses

The gross customer loan receivables by stages and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit loss	
	Sept 2021 %	March 2021 %	Sept 2021 \$'000	March 2021 \$'000	Sept 2021 \$'000	March 2021 \$'000
Stage 1-12 month ECL	0.7%	0.8%	892,209	596,137	6,433	4,640
Stage 2-Lifetime ECL-not credit impaired	33.8%	35.5%	19,082	15,024	6,456	5,327
Stage 3-Lifetime ECL-credit impaired	89.5%	83.5%	3,843	3,474	3,440	2,900
			915,134	614,635	16,329	12,867

The maturity profile of gross customer loans are as follows:

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
less than 1 year	16,604	14,173
1 to 2 years	50,514	46,116
2 to 5 years	474,305	361,758
greater than 5 years	373,711	192,588
	915,134	614,635

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Opening balance	12,867	9,906
Additional provisions recognised	6,416	6,342
Receivables written off during the year as uncollectable	(3,792)	(4,968)
Recoveries during the year	838	1,587
Closing balance	16,329	12,867

Impact of COVID-19

The ongoing economic impacts from the COVID-19 pandemic have increased uncertainty in estimation of the ECL position. While consumer credit performance in the six months to 30 September 2021 was strong, there is uncertainty as to whether removal of JobSaver and other government support measures in the economy as well as ongoing domestic and global impacts from the pandemic, could see a deterioration in credit in the foreseeable future. To account for this risk, the Group is carrying a specific COVID-19 provision amount of \$1,200,000 within the total ECL provision, reflecting the recent volatile market environment and uncertain outlook.

Note 9: Borrowings

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Investor funds on platform	295,646	348,234
Warehouse borrowings	361,400	281,250
Auto ABS borrowings	289,683	-
Total borrowings	946,729	629,484

Investor funds on platform

Investor funds on platform relates to funding from retail and wholesale investors that have been matched against customer loans as well as cash in trust bank accounts that are available for funding. Refer to note 8 for further information.

Funding from retail investors

Funding from retail investors is governed by the constitution of the Group's Retail Lending Platform and its product disclosure statement. Funding on loans are for terms from six months to seven years and are most commonly for amounts less than \$50,000.

Funding from wholesale investors

Funding from wholesale investors is in accordance with the provisions of the Trust Deed of the Group's Wholesale Lending Platform, the Information Memorandum relating to the Group's Wholesale Lending Platform and Investor Mandate Agreements entered into between members of the Group's Wholesale Lending Platform ('Members') and the Trustee. Funding are for amounts up to \$100,000 for terms from six months to seven years. Members are required to make a minimum investment of \$1,000,000 in the Trust, unless otherwise agreed by the Trustee and reflected in a Member's Investment Mandate Agreement.

Warehouse and ABS borrowings

The Group has warehouse borrowings that provide funding for automotive loans (RateSetter Funding Trust No. 1) and renewable and personal loans (Plenti Funding Trust No. 2). Plenti also undertook its first ABS issuance in the period with the completion of the Plenti Auto ABS 2021-1 transaction.

During the half-year the RateSetter Funding Trust No. 1 facility limit was decreased from \$450 million to \$250 million due to the sale of loans to the ABS Trust. The limit was reduced in order to lower the undrawn fees associated with having a higher limit when actual warehouse utilisation had materially decreased due to the ABS.

The Plenti Funding Trust No. 2 was incorporated in December 2020 to facilitate warehouse loan funding facility for personal and renewable loans. Senior funding for the warehouse is provided by a major domestic bank and mezzanine funding is provided by large domestic investors. The facility was initially sized at \$100 million. Subsequently, the Group received funder approval to increase the facility size to \$300 million.

The ABS Trust was incorporated in July 2021 to facilitate the establishment of a term facility for the automotive loans that were acquired from the Plenti Funding Trust No.1. The notes issued by the ABS Trust are independently rated by an established ratings agency. The initial funded amount for the Trust was \$306.3 million, which will be paid down progressively over the term of the Trust.

Note 9: Borrowings (continued)

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Warehouse borrowings	361,400	281,250
Auto ABS borrowings	289,683	-
	651,083	281,250

Financing arrangements

Unrestricted access was available at the reporting date to the following warehouse facility:

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Total facilities		
Warehouse facilities	532,500	434,500
Used at the reporting date		
Warehouse facilities	361,400	281,250
Unused at the reporting date		
Warehouse facilities	171,100	153,250

* The warehouse facilities limit excludes \$17,500,000 (2021: \$15,510,000) funding provided by Plenti Finance Pty Ltd.

** The unused amount of the warehouse facilities relates to amounts that are available for drawdown from funders but does not include cash on trust that has already been drawn but has not yet been utilised for funding purposes. Refer to note 7 for further information.

Note 10: Reserves

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Hedging reserve - cash flow hedges	14	(13)
Share-based payments reserve	6,482	5,297
Total reserves	6,496	5,284

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Note 10: Reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Hedging reserve \$'000	Share-based payments reserve \$'000	Total \$'000
Balance at 1 April 2021	(13)	5,297	5,284
Hedging gain	27	-	27
Share-based payments expense	-	1,190	1,190
Share options exercised	-	(5)	(5)
Balance at 30 September 2021	14	6,482	6,496

Note 11: Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12: Fair value measurement

Fair value hierarchy

The following tables detail the Group'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

Consolidated - September 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Cash flow hedges	56	-	-	56
Total assets	56	-	-	56
Liabilities				
Cash flow hedges	42	-	-	42
Total liabilities	42	-	-	42

Note 12: Fair value measurement (continued)

Consolidated - March 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Liabilities				
Cash flow hedges	13	-	-	13
Total liabilities	13	-	-	13

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

Note 13: Related party transactions

Parent entity

Plenti Group Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

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

	Consolidated	
	September 2021 \$'000	March 2021 \$'000
Unitholder liabilities	295,646	348,224

Terms and conditions

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

Note 14: Contingent liabilities

The Group has given bank guarantees as at 30 September 2021 of \$395,670 (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 2021 of \$175,000 (2020: \$95,000) to the superannuation clearing house as a Transaction Negotiation Authority relating to payment of superannuation.

The Group has given bank guarantees as at 30 September 2021 of \$9,529 (2020: \$9,529) to Epworth Building Pty Limited. This is secured by the term deposit held by the Group.

Note 15: Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated	
	September 2021 \$'000	September 2021 \$'000
Loss after income tax expense for the half-year	(7,475)	(6,619)
Adjustments for:		
Depreciation and amortisation	456	382
Loan impairment expense	5,996	2,825
Share-based payments	1,190	3,091
IPO costs	-	2,327
Other non-cash items	97	1,078
Change in operating assets and liabilities:		
Decrease in trade receivables	24	62
Decrease/(increase) in deferred fees and commission	1,239	(855)
Increase in other operating assets	(5,231)	(1,663)
Increase/(decrease) in trade payables	(603)	191
Increase in other operating liabilities	33	1,336
Net cash (used in)/from operating activities	(4,274)	2,155

Note 16: Earnings per share

	Consolidated	
	September 2021 \$'000	September 2021 \$'000
Loss after income tax attributable to the owners of Plenti Group Limited	(7,475)	(6,619)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	168,924,561	131,122,336
Weighted average number of ordinary shares used in calculating diluted earnings per share	168,924,561	131,122,336
	Cents	Cents
Basic earnings per share	(4.43)	(5.05)
Diluted earnings per share	(4.43)	(5.05)

Note 17: Events after the reporting period

No matter or circumstance has arisen since 30 September 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

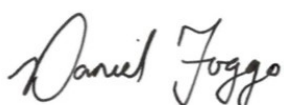
Directors' declaration

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 Group's financial position as at 30 September 2021 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Daniel Robert Foggo
Director



Mary Ploughman
Director

16 November 2021
Sydney

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 2021, 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 then ended, 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 2021, 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 110 *Code 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.

Responsibilities of the directors 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.

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Auditor's responsibilities for the review of the half year financial report

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 2021 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, 16 November 2021

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