Plenti

26 OCTOBER 2022 **ASX RELEASE**

Plenti continues to deliver profitable growth

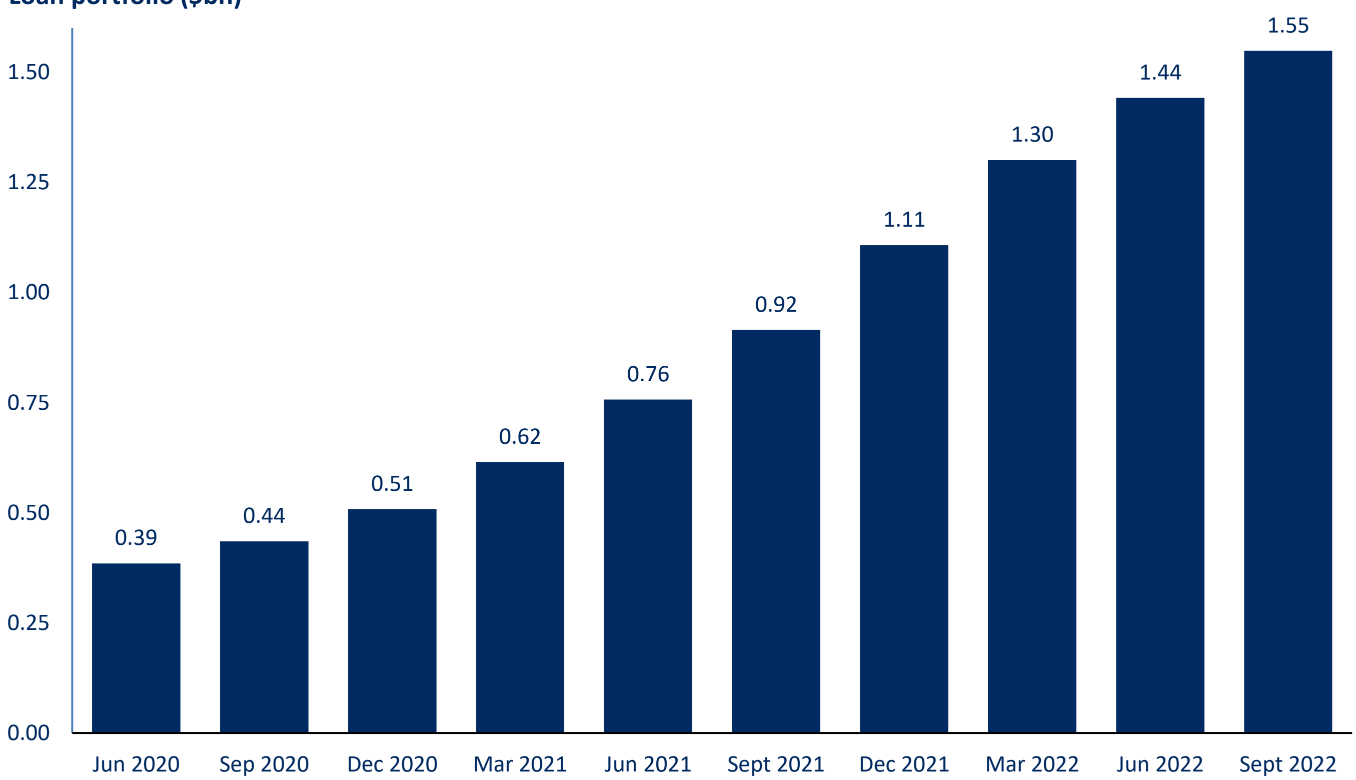
Plenti Group Limited (**Plenti**) provides this trading update for the quarter ended 30 September 2022 (**2Q23**).

Highlights

- Loan portfolio increased to $1.55 billion, 69% above PCP and 7% ($107 million) above prior quarter
- Revenue of $33.3 million, 64% above PCP and 9% above prior quarter
- Strong quarterly loan originations of $269 million maintained despite material customer rate increases, with record electric vehicle and renewable energy lending
- Exceptional credit performance with annualised net credit losses of 69 basis points and 90+ day arrears reducing to 28 basis points at period end
- Continued investment in extending technology advantages, including updated investor mobile app
- Warehouse loan funding capacity increased by $250 million, providing headroom of ~$340 million
- Increased proportion of loans funded by retail investors via Plenti Lending Platform, a unique funding platform with 25,000+ investors, providing material funding cost, depth and flexibility benefits
- Medium-term focus sharpened on driving profitability from economic benefits of scale

Plenti **generated Cash NPAT of $1.4 million** in the first half of FY23 (unaudited), a $3.6 million improvement on PCP and consistent with the outlook provided in May 2022.

Loan portfolio ($bn)



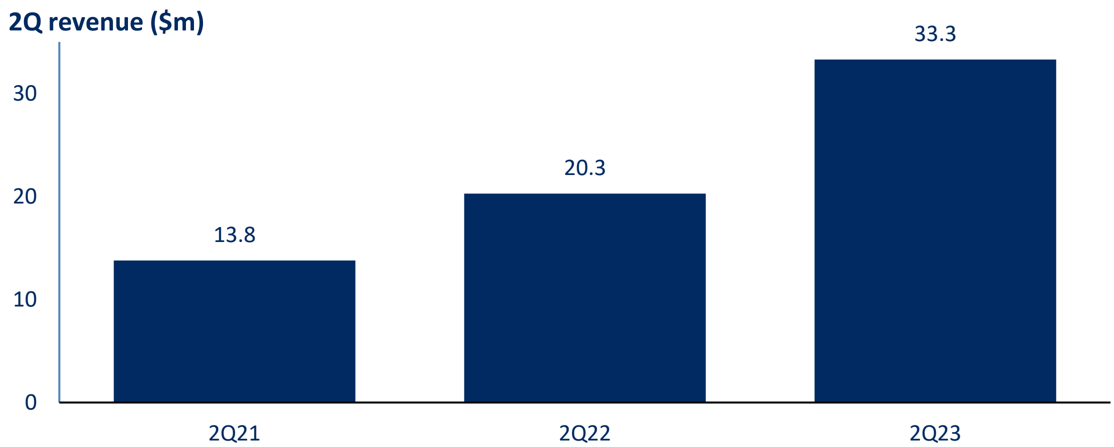
Note: chart represents historical data only, historical growth rates are not necessarily an indicator of future growth rates

Commenting on the quarter, Daniel Foggo, Plenti's Chief Executive Officer, said:

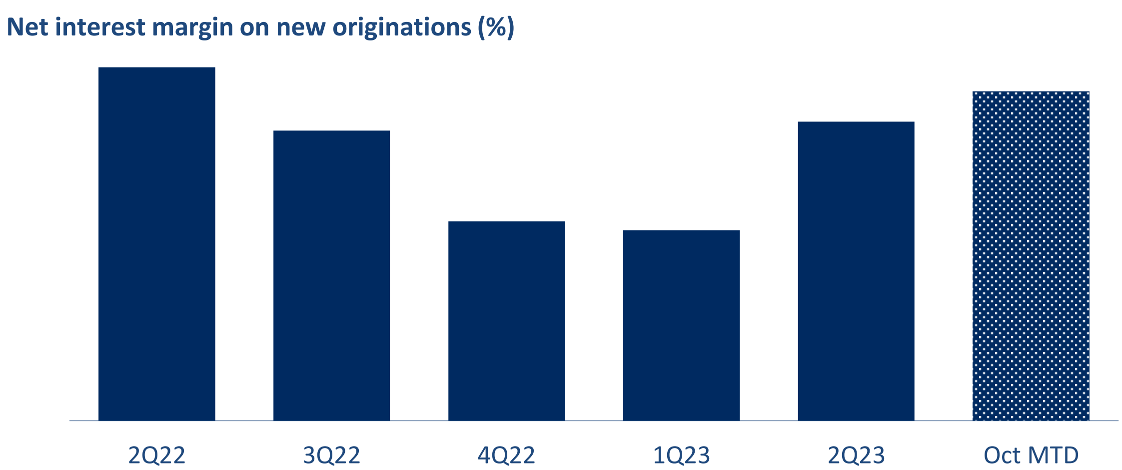
> "These results demonstrate Plenti's clear competitive differentiation – as measured by growth, operating leverage, credit performance, and funding depth and resilience.
>
> "In line with our focus on protecting margins, and reflecting Plenti's superior technology and customer offering, we have successfully increased yields on new lending to offset higher funding costs.
>
> "We continue to invest in extending our technology-led customer experience and efficiency advantages as we work towards achieving our mission of building Australia's best lender".

Financial performance

Total revenue was $33.3 million, up 64% on the prior comparable period (**PCP**), driven by loan portfolio growth and higher rates being passed on to borrowers over the course of 2022.



Plenti was an early market mover in materially increasing its borrower rates, particularly in June and July, to drive a recovery in margins following market-wide funding cost increases in the first half 2022. Plenti has subsequently increased borrower rates further to offset additional funding cost increases experienced in the second half of 2022. Borrower rate increases have supported a substantial recovery in net interest margins over recent months.[1]



[1] Margins represent weighted average net interest margin calculated as yield on new loans originated in relevant period less funding costs (actual warehouse costs including hedging costs or Plenti Lending Platform costs in period), amortised commission costs and amortised digital marketing costs for direct-to-consumer loans. October MTD is based on lending margins for the month to 24 October. All margin data excludes legal fee lending

Diversified loan portfolio growth

Plenti's diversified loan portfolio increased to $1.55 billion at 30 September 2022, up 69% from 30 September 2021 ($0.92 billion) and up 7% from 30 June 2022 ($1.44 billion). Strong growth was achieved in each loan book over PCP.

Loan portfolio ($m)	30 Sept 21	30 Sept 22	Growth
Automotive	464	899	94%
Renewable energy	114	165	45%
Personal	337	484	44%
Total	**915**	**1,548**	**69%**

Loan originations

Total loan originations were $269 million, up 5% on PCP and 7% lower than the prior quarter. Importantly, increasing yields on new loan originations was prioritised over absolute loan origination volumes, consistent with statements made in Plenti's FY22 results presentation. Loan originations grew each month in the quarter, to reach $102.4 million in September.

Automotive loan originations were $140.1 million, broadly flat on PCP and down from $162.3 million in the prior quarter, reflecting Plenti being an early market mover in increasing loan yields to offset funding cost increases.

Plenti continued to deepen its penetration of the electric vehicle finance market, with finance for electric vehicles representing 21% of automotive loan originations in the quarter.

Record renewable energy loan originations of $29.0 million were achieved, an increase of 12% on PCP and 23% on the prior quarter, driven by the introduction of new installer partners and Plenti's bundled energy partnership with AGL. Increasing household energy prices are expected to support on-going demand for household solar and battery installations.

Personal loan originations of $99.9 million represented a 14% increase on PCP and were broadly flat on prior quarter. Plenti continued to build market share in the broker channel, whilst strengthening foundations to grow direct-to-consumer personal loan originations in future periods.

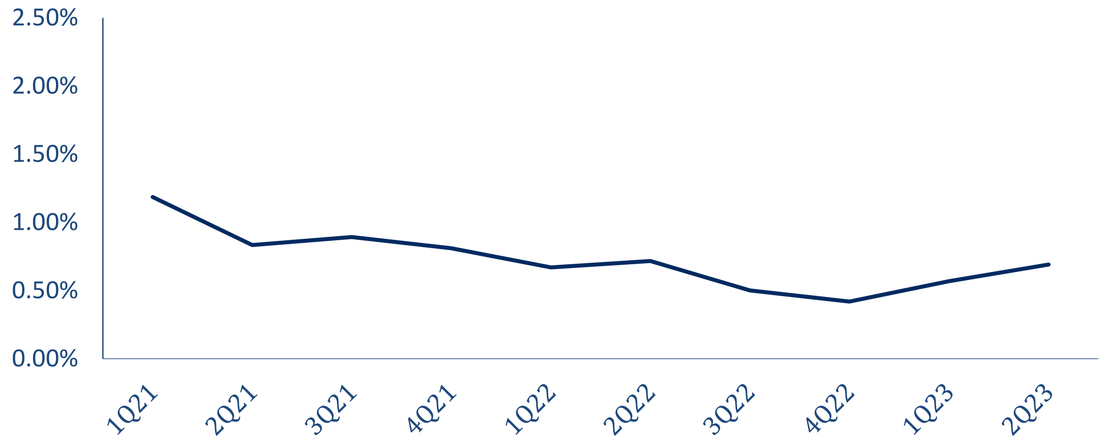
Plenti has over 75,000 current borrowers and since its inception has attracted over 150,000 customers, either as borrowers or Plenti Lending Platform investors.

Strong and stable credit performance

Plenti has maintained its strong and stable credit performance, underpinned by its proprietary credit decisioning and collections technology and supported by data it has derived from funding over 130,000 loans since commencing lending in 2014.

Annualised net losses for the quarter remained low at 69 basis points, reflecting the prime nature of Plenti's borrowers across each of its three loan verticals. This credit performance is unrivalled across reporting ASX-listed consumer lending companies for each lending vertical.

Annualised net loss rate (%)



Plenti remains well-placed to continue to deliver leading credit outcomes in less certain economic times, noting:

- The strength of Plenti's average borrower credit profile, evident by the weighted average Equifax credit score across the loan portfolio being 835 at the end of the quarter
- 90+ day arrears reduced to only 28 basis points at the end of the quarter, down from 31 basis points at the end of the prior quarter

Technology differentiation extended

Plenti continues to invest in its proprietary, end-to-end technology platform, in support of its strategic priority of extending its technology-led customer experience and efficiency advantages. Product and technology investment in the quarter focused on:

- Enhancing API infrastructure, to support deeper integrations with loan referral partners, especially in the automotive channel
- Building enhancements to the Plenti retail investor offering, to help support growth and funding flexibility of the Plenti Lending Platform over the medium term
- Driving operational efficiencies, such that Plenti's existing team can support higher monthly loan originations and a larger loan portfolio

Funding

Plenti continues to benefit from diversified, resilient and low-cost sources of loan funding.

The funding capacity of each warehouse facility was increased during the quarter and over subsequent weeks, with the execution of:

- A $50 million increase in the capacity of the renewable energy and personal loan warehouse facility to $350 million (noting the limit on this warehouse had been increased $100 million on 30 June 2022)
- A $100 million increase in the capacity of the original secured automotive warehouse facility to $350 million, coupled with a term extension to November 2023
- A $100 million increase in the capacity of the second secured automotive warehouse facility, which benefits from a lower-cost electric vehicle tranche, to $250 million

The above warehouse facility capacity increases provide ~$340 million of funding headroom above the quarter end loan portfolio balance.

During the quarter Plenti renewed its focus on its unique retail investment platform, the Plenti Lending Platform. The Plenti Lending Platform provides meaningful funding cost benefits, noting its average cost-of-funds was 4.1% over the quarter – materially lower than warehouse facilities. This platform also provides equity capital efficiency, as well as funding depth, recognising it has attracted over 25,000 investors and funded over $1 billion in loans.

Due to this focus, the value of outstanding Plenti Lending Platform-funded loans resumed growth during the quarter. This growth is expected to continue as additional initiatives are implemented over coming months, including:

- A restructuring of Plenti Lending Platform investment markets, enabling a higher proportion of renewable energy and personal loans to be allocated to the Plenti Lending Platform for funding
- Commencement of a program to broaden the range of credit assets funded via the Plenti Lending Platform, which is expected to support both loan portfolio growth and further equity capital efficiency

Plenti's reported corporate cash was approximately $30.5 million at the end of the period. This included additional funds drawn from its corporate loan facility during the period, to support the future funding of the equity tranches in its warehouse facilities.

Strategic priorities

Profitable growth

Plenti has previously set an ambition to grow its loan portfolio to $5 billion in 2025. Considering changed market conditions over the last 12 months, Plenti has sharpened its focus on growing profitability, by leveraging its technology-led business model to drive increasing profitability as it scales. Plenti expects to achieve a $5 billion loan portfolio in due course, however, it no longer has this set as a target for 2025.

In line with its sharpened focus on growing profitability, Plenti's ambition is to achieve cost efficiencies of at least $25 million when its loan portfolio doubles to reach $3 billion. The chart below shows Plenti's actual cost base[2] for the 12 months prior to it achieving a $1.5 billion loan portfolio, and its estimated cost base for the 12 months prior to reaching a loan portfolio of $3 billion.

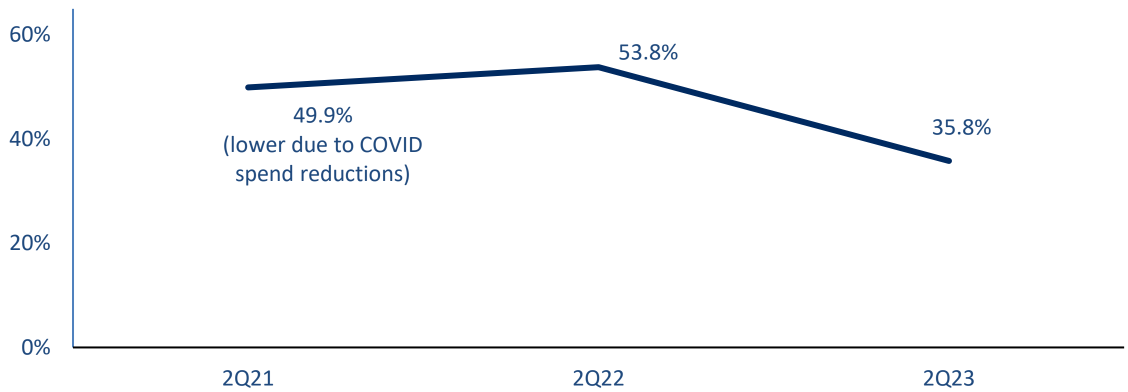
Estimated cost base as loan portfolio doubles ($m)

[2] Cost base includes sales & marketing, product development and general & administrative expense as presented in Plenti's Statement of Profit or Loss on a statutory basis. This includes the value of share-based payments which are not included in the calculation of Cash NPAT.

Cost-to-income reduction

Plenti's cost-to-income ratio continues to decline as economies of scale are realised, with 35.8% achieved in the quarter. In May 2021 Plenti set a 'medium-term' cost-to-income target of 35%, and it expects to achieve this target in the coming half-year (**H2 FY23**).

Cost to income ratio (%)



Cash NPAT performance

Plenti generated Cash NPAT of $1.4 million in H1 FY23 (unaudited), a $3.6 million improvement on PCP and consistent with the outlook provided in May 2022. All technology development investments in the period were expensed, consistent with Plenti's accounting policies.

Plenti expects to achieve half-on-half growth in Cash NPAT in H2 FY23, supported by loan portfolio growth, improved average net interest margins and operating leverage.

Half-year results

Plenti expects to release its full financial results for the six months to 30 September 2022 on 16 November 2022.

All numbers in this release are preliminary and unaudited. Increased financial performance disclosure has been provided in this quarterly trading update due to recent market volatility. Plenti does not anticipate providing this level of financial disclosure in future quarterly trading updates, only in half year and full year results materials.

This release was approved by the Plenti Board of Directors. For more information please contact:

Daniel Foggo
Chief Executive Officer
shareholders@plenti.com.au

Miles Drury
Chief Financial Officer
shareholders@plenti.com.au

Emma Handreck
Citadel Magnus
Emma.handreck@citadelmagnus.com
0497 697 857

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 our 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