

PLENTI GROUP LIMITED (ASX:PLT)

PRE-QUOTATION DISCLOSURE

22 SEPTEMBER 2020

The following information is required to be provided to ASX Limited for release to the market in connection with the admission of Plenti Group Limited ACN 643 435 492 (**Company**) to the official list of Australian Securities Exchange (**ASX**) (**Listing**) and quotation of fully paid ordinary shares in the Company (**Shares**).

Capitalised terms which are not otherwise defined in this document have the meaning given to them in the prospectus lodged by the Company with the Australian Securities and Investments Commission on 21 August 2020 (**Prospectus**).

1. CONFIRMATION OF COMPLETION OF THE OFFER

The Company confirms:

- (a) on 14 September 2020, the Offer closed under the Prospectus; and
- (b) on 18 September 2020, the Company completed the issue of 33,132,530 Shares (in aggregate) at an issue price of \$1.66 per Share pursuant to the Completion of the Offer.

The number of Shares issued and allotted under each component of the Offer is as follows:

- (a) Priority Offer: 1,506,024 Shares
- (b) Plenti Member Offer: 3,012,048 Shares
- (c) Institutional Offer: 17,888,981 Shares
- (d) Broker Firm Offer: 10,725,477 Shares

In addition, the Company has issued:

- (e) 7,701,209 Shares upon conversion of 10,083,346 Convertible Notes on 17 September 2020; and
- (f) 210,843 Rights to Daniel Foggo (Chief Executive Officer) on 18 September 2020 under the New Incentive Plan (see paragraph 2 below for further detail).

2. PERFORMANCE RIGHTS

2.1 Number of Rights issued or to be issued under New Incentive Plan

The Company confirms that the following Directors and senior management of the Company (**Participants**) have been, or will be, granted unvested Rights under the New Incentive Plan:

Participant name	Number of Rights to be issued	Number of Shares issued upon exercise of Rights	Timing of issue
Daniel Foggo	210,843	210,843	18 September 2020
Miles Drury	210,843	210,843	Post-Listing
Glenn Riddell	150,602	150,602	Post-Listing
Ben Milsom	150,602	150,602	Post-Listing

A copy of the New Incentive Plan rules has been disclosed to the market and released on the ASX Market Announcements Platform on 22 September 2020.

Please refer to Section 6.3.3 of the Prospectus for an overview of material terms of the New Incentive Plan and the summary of performance hurdles in paragraph 2.2 below.

The number of Rights granted to the Participants under the New Incentive Plan is based on the 'LTI Opportunity' offered to the Participant (being 100% of annual total fixed remuneration received by the Participant) divided by \$1.66, being the Offer Price under the Prospectus.

Subject to satisfaction of performance hurdles and compliance with the terms and conditions in the New Incentive Plan rules and grant letters, the exercise price payable to convert each Right to a Share will be nil. On 17 September 2020, ASX granted the Company a waiver from Listing Rule 1.1 Condition 12 to the extent necessary to permit the Company to have on issue 210,843 Rights with a nil exercise price, on the condition that the material terms and conditions of the Rights are clearly disclosed in the Prospectus.

2.2 Performance hurdles and the role of the Participants in meeting hurdles

Rights granted to each Participant will only vest upon satisfaction of service, compliance and performance-based vesting conditions which are measured over the applicable performance period.¹

In summary, the vesting of the Rights (including the proportion of Rights vested) will be subject to satisfaction of the following performance-based hurdles:

- (a) *Revenue CAGR hurdle* – the vesting of 20% of the Rights will depend on the compound annual growth rate (**CAGR**) of annual revenue achieved by the Group over the performance period, by comparing Group revenue (total revenue before transaction costs) for the final financial year ending 31 March during the relevant performance period to base year revenue of \$41,511,000 for the financial year ended 31 March 2020. A CAGR of 30% or more will result in full vesting of the proportion of Rights subject to this hurdle and a CAGR below 25% will result in

¹ The performance period is 31 March 2020 to 31 March 2022 (in respect of 50% of the Rights) (**Tranche 1**) and 31 March 2020 to 31 March 2023 (in respect of the remaining 50% of the Rights) (**Tranche 2**).

no Rights vesting under this hurdle (with ratcheted vesting where CAGR is between 25 to 30%);

- (b) *Cost-to-income hurdle* – the vesting of 10% of the Rights will depend on the change in cost-to-income ratio of the Group's operations over the relevant performance period, by determining whether the Group's cost-to-income for the final financial year ending 31 March during the relevant performance period has improved compared to the base year cost-to-income ratio of 59% for the financial year ended 31 March 2020; and
- (c) *Strategic developments hurdle* – the vesting of 20% of the Rights will depend on whether strategic objectives of the Company have been achieved (being, completion of public market securitisation issuance from either automotive or personal/green loan warehouse and the Company generating positive operating cash flows for at least six consecutive months during any performance period).

The remaining 50% of the Rights vest subject to a service condition requiring ongoing employment by the Participant with the Group.

Vesting is also subject to an overriding compliance hurdle which requires that the Group has not breached of the Compliance Plan for the Plenti Lending Platform during the performance period where there is a material financial loss or significant damage to Group's reputation, as determined by the Board. A loss to the Group of \$5 million or more is considered to be a material financial loss.

Role of Participants in meeting performance hurdles

As senior managers of the Company (and an Executive Director in the case of Daniel Foggo), each Participant plays an important managerial role in formulating and implementing various initiatives to achieve the above hurdles. For example, the Participants will be involved in developing business and strategic plans for the Company to achieve revenue, operational and strategic milestones.

In addition, Benjamin Milsom (as Chief Commercial Officer and Company Secretary) is closely involved in the overview and management of the compliance functions of the Group's business.

Overall, however, the Board will administer the New Incentive Plan and ultimately determine whether the performance and compliance hurdles are met in order for the Rights to vest over the relevant performance period.

2.3 Existing total remuneration packages

In addition to the Rights issued under the New Incentive Plan, set out below is a summary of the existing remuneration package applicable to each Participant (as further described in Sections 6.3.2 and 6.3.3 of the Prospectus):

Participant	Fixed remuneration per annum (plus superannuation)	Cash bonus
Daniel Foggo	\$350,000	Up to 70% of salary during each financial year (subject to the

		achievement of performance hurdles)
Miles Drury	\$350,000	Up to 70% of salary during each financial year (subject to the achievement of performance hurdles)
Glenn Riddell	\$250,000	Up to 70% of salary during each financial year (subject to the achievement of performance hurdles)
Benjamin Milsom	\$250,000	Up to 70% of salary during each financial year (subject to the achievement of performance hurdles)

2.4 Securities held by the Participants and consideration paid

Set out below is a summary of the securities held by each Participant as at the date of Listing (including securities held by associates of the Participant, including family trusts, superannuation funds and other holding vehicles):

Participant	Shares	Options	Rights ²
Daniel Foggo	37,246,185 (22.1%)	210,000 vested Options under the Existing Incentive Plan.	210,843 unvested Rights under the New Incentive Plan.
Miles Drury	Nil	450,000 vested Options under the Existing Incentive Plan.	Nil. 210,843 unvested Rights to be issued after Listing under the New Incentive Plan.
Glenn Riddell	4,200,000 (2.5%)	690,000 vested Options under the Existing Incentive Plan.	Nil. 150,602 unvested Rights to be issued after Listing under the New Incentive Plan.
Benjamin Milsom	4,143,150 (2.5%)	690,000 vested Options under the Existing Incentive Plan.	Nil. 150,602 unvested Rights to be issued after Listing under the New Incentive Plan.

² Refer to paragraph 2.1 for further information.

All of the Shares held by the Participants (including any Shares issued upon exercise of Options) are subject to transfer restrictions as contained in voluntary escrow arrangements described in section 7.8 of the Prospectus.

Consideration

A. Shares

Each Share held by the Participants (or its associates, as applicable) was issued on 19 August 2020 in consideration for the transfer of all existing ordinary shares held by the Participant (or its associates, as applicable) in Plenti Pty Limited, on a 1:6 basis under the restructure transaction disclosed in Section 9.3 of the Prospectus.

The ordinary shares previously held by the Participant (or its associates, as applicable) in Plenti Pty Limited were acquired (in aggregate) for the following consideration:

- (i) Daniel Foggo – \$920,255.98;
- (ii) Glenn Riddell – \$106,599.00; and
- (iii) Benjamin Milsom – \$153,500.00.

B. Options

All existing Options held by the Participants were issued for nil consideration. The exercise price for the Options held by Daniel Foggo are \$0.8250 per Option (150,000 Options) and \$1.3833 per Option (60,000 Options). In respect of other Participants, the exercise price for the options held by Ben Milsom are \$0.50 per Option (180,000 Options) and \$1.3833 per Option (510,000 Options), for the options held by Glenn Riddell, \$0.50 per Option (180,000 Options) and \$1.3833 per Option (510,000 Options), and for Miles Drury \$1.3833 (450,000 Options)

C. Rights

All Rights issued to, or that will be issued to, Participants are issued for nil consideration and have a nil exercise price (subject to vesting upon satisfaction of performance hurdles and various conditions as summarised in paragraph 2.2).

2.5 Rationale for issuing the Rights

The New Incentive Plan is structured to further align the interests of the Participants with the interests of the Company's Shareholders and to provide greater incentive for the Participants to focus on the Company's longer-term goals.

The Company believes it is necessary and appropriate to further incentivise the Participants through the issue of the Rights for the following reasons:

- (a) *Improve financial performance* – by allowing the Participants to share in the success of the business if it achieves definable financial targets (refer to paragraph 2.2), the Participants are expected to take a stronger and more aligned interest in the overall financial performance of the Group. The Board intends that the financial hurdles (which includes strategic objectives) will focus the Participant's

effort, performance and productivity on maximising key financial metrics of the Group, including CAGR annual revenue and cost-to-income ratio.

- (b) *Retention of key talent and resources* – by implementing target incentives that are clear, measurable and focused on improving Group value, the issue of the Rights to the Participants who play key managerial roles within the Company is expected to help the business stay competitive in the marketplace and retain talent in long term. In addition, continued service is one of the vesting conditions attached to the Rights and is designed to ensure retention of the Participants over the longer term to drive sustained financial performance and strategic plans.
- (c) *Improve employee productivity and align focus* – given the senior managerial positions held by the Participants, the issue of Rights subject to financial hurdles is also intended to incentivise, reinvigorate and focus the broader employee base to improve the financial performance of the Group. The Participants will be incentivised to reinforce the Company's performance to the business' overall strategy, vision and purpose and reward behaviours that support these goals. This is intended to flow through to the operation of the business as a whole, driven by Participant direction.
- (d) *Supporting a compliance-focused culture* – the vesting of the Rights to Participants is subject to ongoing compliance with the Group's Compliance Plan relating to the Plenti Lending Platform over the relevant performance period, including no material breach of the Compliance Plan. This is necessary and appropriate to underline and encourage a compliance-focused approach to the business and to promote and further enhance good compliance practices.

2.6 **Appropriate and equitable numbers of the Rights**

The Company has determined the number of Rights to be issued to each Participant by dividing the value of that Participant's total annual fixed remuneration by the Offer Price in the Prospectus of \$1.66.

The Company believes that the number of Rights to be issued to each Participant, and the number of Shares into which they will convert (if the relevant performance milestones are met), is appropriate and equitable on the following basis:

- (a) the number of Shares into which the Rights will convert (if the relevant performance milestones are met) is fixed (being, the number of Shares converted will be equal to the number of Rights issued), so that investors and analysts can readily understand, and have reasonable certainty as to, the impact on the Company's capital structure if the performance milestones are met;
- (b) the total number of Shares that will be issued if the Rights are all exercised upon all applicable performance milestones being achieved over the performance period represents a small proportion (approximately 0.4%) of the Company's current issued share capital, and therefore not materially dilutive to existing Shareholders; and
- (c) the number of Shares into which the Rights will convert (if the relevant performance milestones are met) is not greater than the total number of Shares

that will be issued if the existing Options are all exercised and the applicable performance milestones are achieved.

For the reasons set out in paragraph 2.5 and above, the Company believes that the number of Shares into which the Rights will convert (if the relevant performance milestones are met) is appropriate and equitable, both in absolute terms and in relative terms compared to the additional value delivered if the performance milestones are met.

3. CAPITAL STRUCTURE

As at the Listing, the capital structure of the Company will be as follows:

Class/type	Number
Ordinary Shares	168,832,183 Shares
Options	10,229,994 Options
Rights	210,843 Rights

4. DESPATCH OF HOLDING STATEMENTS

CHESS allotment notice, issuer sponsored holding statements and any refund money have been despatched on Friday 18 September 2020.

5. SECURITIES SUBJECT TO VOLUNTARY ESCROW ARRANGEMENTS

Escrowed securities

The Company confirms that 131,167,046 Shares will be subject to voluntary escrow restrictions pursuant to voluntary escrow deeds entered into between the Company the relevant Shareholder, as further described in Section 7.8 of the Prospectus.

These Escrowed Shares comprise approximately 77.7% of the total Shares in the issued share capital of the Company.

In addition, any Shares issued to Directors or senior management (as outlined in the Prospectus) upon exercise of existing Options held as at Listing will also be subject to the voluntary escrow arrangements described in this paragraph 5.

Escrow period

Subject to the limited exceptions set out in Section 7.8 of the Prospectus and the partial release dates described below, all Escrowed Shares will be subject to escrow during the period commencing the date of Completion of the Offer (being, 18 September 2020) and ending at 4.15pm on the date that the Company releases its FY2022 results to ASX.

The following partial release dates apply:

Directors and Senior Management (including the Co-Founders)

- In respect of 30% of the Escrowed Shares held by that Escrowed Shareholder (rounded down to the nearest whole Escrowed Share), 4.15pm on the Trading Day on which the Company's half-yearly results for H1FY2022 (financial half year ending 30 September 2021) are released to the ASX; and
- In respect of all remaining Escrowed Shares held by that Escrowed Shareholder, 4.15pm on the Trading Day on which the Company's full year results for FY2022 are released to the ASX.

Other Existing Shareholders

- In respect of 20% of the Escrowed Shares held by that Escrowed Shareholder (rounded down to the nearest whole Escrowed Share), 4.15pm on any Trading Day after which the Company's results for H1FY2021 (financial half year ending 30 September 2020) are released to the ASX, conditional upon the Company's share price being at least 50% higher than the Offer Price calculated on a 10 Trading Day VWAP basis over any 10 consecutive Trading Day period following the release of the Company's results for H1FY2021 (financial half year ending 30 September 2020) (**VWAP Condition**);
- In respect of 20% of the Escrowed Shares held by that Escrowed Shareholder (rounded down to the nearest whole Escrowed Share), or 40% of the Restricted Shares (rounded down to the nearest whole Restricted Share) if the VWAP Condition is not met, 4.15pm on the Trading Day on which the Company's results for FY2021 (financial year ending 31 March 2021) are released to the ASX;
- In respect of 40% of the Escrowed Shares held by that Escrowed Shareholder (rounded down to the nearest whole Escrowed Share), 4.15pm on the Trading Day the Company's results for H1FY2022 (financial half year ending 30 September 2021) are released to the ASX; and
- In respect of all remaining Escrowed Shares held by that Escrowed Shareholder, 4.15pm on the Trading Day on which the Company's full-year results for FY2022 are released to the ASX.

6. INSTITUTIONAL BOOKBUILD

The Company confirms that, in relation to the funds raised pursuant to the Institutional Offer (**Bookbuild**):

- (a) the total number of Shares allocated under the Bookbuild is 17,888,981 Shares, and the price at which they are issued is the Offer Price of \$1.66 (**Bookbuild Price**);
- (b) no person or persons who are promoters or related parties of the Company have taken up a material number of Shares under the Bookbuild;

- (c) no concessionary fee or other arrangements have been entered into which have had the result that the effective issue price paid by some allottees differs materially from the Bookbuild Price announced by the Company;
- (d) no arrangements have been entered into which have had the result that some allottees receive a material benefit for agreeing to participate in the Bookbuild at the Bookbuild Price announced by the Company and which is not received by other allottees; and
- (e) no arrangements have been entered into with associates of the Company or the Joint Lead Managers to avoid a shortfall, or the appearance of a shortfall, in the Bookbuild.