

ASX Announcement
21 August 2025

Pepper Money 1H 2025 Results Announcement

Total Assets Under Management - \$20.1 billion – highest achieved in Pepper Money’s history.
Originations increased 38% 1H 2025 vs 1H 2024.
Net Interest Margin up 6 bps¹ on PCP² - closed at 1.98%.
Net Profit After Tax \$47.0 million up 2% on PCP.
Fully franked Interim Dividend of 6.4 cps³ declared.
Dividend annualised yield of 20.9%⁴ when combined with prior fully franked Special Dividend of 12.5 cps⁵.

Result Highlights⁶

- **Statutory NPAT⁷ and Pro-forma NPAT⁸** of \$47.0 million, increased 2% on 1H 2024.
- **Profit pre-Tax and Loan Loss Expense** of \$109.2 million grew 1% on prior corresponding period (PCP) and improved 8% over 2H 2024.
- **Total Originations** of \$4.5 billion, a growth of 38% on PCP.
- **Total Assets Under Management (AUM)** of \$20.1 billion, up 4% on 30 June 2024 and a new record for Pepper Money:
 - **Mortgage Originations** of \$2.8 billion up 53% on PCP. **Mortgage AUM** closed June 2025 at \$9.5 billion, following three mortgage Whole Loan Sales totalling \$1.7 billion over 1H 2025.
 - **Asset Finance Originations** of \$1.7 billion, up 19% on PCP. **Asset Finance AUM** closed June 2025 at \$6.3 billion, an increase of 11% on 30 June 2024.
 - **Servicing AUM** closed June 2025 at \$4.3 billion, up \$2.1 billion on PCP, following growth in Whole Loan Sales.
- **Net Interest Income** was \$157.3 million, (8)% below PCP, driven by product mix and promotional pricing strategies.
- **Total Net Interest Margin (NIM)** at 1.98% increased 6 bps on PCP:
 - **Mortgages NIM:** 1.51% down (9) bps on PCP – flow through of product mix (accelerated Prime volume growth) and pricing strategies which have supported strong Originations uplift.
 - **Asset Finance NIM:** 2.73% increased 21 bps on PCP.
- **Loan Losses⁹ as a percentage of Lending AUM** increased from (0.45)% PCP to (0.50)% at 30 June 2025, driven by portfolio mix, with Asset Finance representing 40% of closing Lending AUM, up from 33% at 30 June 2024.
- **Total Operating income** of \$185.0 million was (1)% below PCP of \$186.0 million.
- **Total Expenses** decreased 2% on PCP to \$116.7 million.

- **Three Whole Loan Sales** (WLS) were executed, totalling \$1.7 billion, and one **Public Term Securitisation** of \$1.0 billion, were completed over the first half of 2025, raising \$2.8 billion combined.
- **Warehouse capacity**¹⁰ closed 30 June 2025 at \$11.5 billion up from \$10.8 billion at 31 December 2024 and a \$2.3 billion increase on 30 June 2024.
- **Fully franked Special Dividend** of 12.5 cents per share declared 3 June 2025.
- **Fully franked Interim Dividend** of 6.4 cents per share declared 21 August 2025, up 1.4 cents per share from the 2024 Interim Dividend.
- \$27.5 million in **Corporate Debt** repaid in February 2025, with the drawn balance standing at \$97.5 million at 30 June 2025 (30 June 2024: \$155.0 million).
- Pepper Money remains **well funded to support future growth** with **unrestricted cash of \$142.9 million** as at 30 June 2025. The Special Dividend of \$55.5 million was paid on 16 July 2025.

Financial and Operational Metric Summary

	Half Year Ending			30 June 2025 vs	
	June 2025	December 2024	June 2024	December 2024	June 2024
Statutory & Pro-forma NPAT	\$47.0 m	\$52.1 m	\$46.1 m	(10)%	+2%
Profit pre-Tax and Loan Loss Expense	\$109.2 m	\$101.2 m	\$108.0 m	+8%	+1%
Originations	\$4.5 bn	\$3.8 bn	\$3.3 bn	+19%	+38%
Lending AUM	\$15.8 bn	\$15.9 bn	\$17.0 bn	(1)%	(7)%
Total AUM	\$20.1 bn	\$19.1 bn	\$19.3 bn	+5%	+4%
Net Interest Margin (NIM)	1.98%	2.03%	1.92%	(5) bps	+6 bps
Loan Losses ⁹ % Lending AUM	(0.50)%	(0.33)%	(0.45)%	(17) bps	(5) bps
Total Operating Income	\$185.0 m	\$200.6 m	\$186.0 m	(8)%	(1)%
Total Expenses	\$116.7 m	\$127.1 m	\$119.6 m	+8%	+2%
Cost to Income Ratio ¹¹	51.7%	55.7%	52.5%	+4%	+1%
Interim Dividend (per share)	6.4 cps		5.0 cps		+1.4 cps
Interim Dividend Payout Ratio	60.0%		47.5%		+12.5%
Interim Dividend (Proposed)	\$28.2 m		\$21.9 m		+\$6.3 m
Special Dividend	\$55.5 m				
Annualised Yield: Special and Interim Dividend	20.9%				

Pepper Money Limited (ASX: PPM) today announced its results for the 6-month period ending 30 June 2025 (1H 2025). The Company reported Statutory and Pro-Forma Net Profit After Tax (NPAT) of \$47.0 million for the first half of 2025, which was up 2% on PCP.

Pepper Money's CEO, Mario Rehayem commented: "Pepper Money has delivered very strong results for the first half of 2025. We identified the opportunity, as market conditions improved, to accelerate our volume growth, which has seen us deliver Originations growth in Mortgages of 53% and in Asset Finance of 19% versus PCP. We have also achieved a new milestone for the business, with Total AUM breaking through \$20.0 billion, to close 30 June 2025 at \$20.1 billion, up 4% on PCP.

Strong market demand for our Whole Loan Sales program continued, and we executed \$1.7 billion in Mortgage WLS over the half. Whole Loan Sales involve a transfer of the underlying economic interest to a third party, with Pepper Money retaining the servicing of the loans sold. As Pepper Money continues to service these loans, we benefit from the generation of a capital light annuity-style income”.

“Our Operating Income reduced marginally on PCP, falling by (1)%, however this was offset by our ability to manage costs – and Total Expenses at \$(116.7) million were 2% lower than 1H 2024. Net Interest Income of \$157.3 million did decrease by (8)% on PCP, but this was driven in part by mix with Prime loans in Mortgages representing a higher percent of the loan portfolio (50%) of closing AUM 1H 2025 versus 44% 1H 2024), and in part by the flow through of Whole Loan Sales executed as income shifts from Net Interest Income to Other Operating Income. Total Net Interest Margin of 1.98% increased 6 basis points on 1H 2024, with Asset Finance NIM increasing 21 basis points given improved funding and stabilised swap rates, offsetting for the mix impact from accelerated growth in Prime Mortgages. Mortgage NIM at 1.51% contracted (9) bps on PCP. We passed all RBA rate reductions on in full to our customers”.

“The strength of our capital management strategy has seen us deliver strong returns to our Shareholders. In June we declared a Special Dividend of 12.5 cents per share (paid 16 July 2025). Coupled with our Interim Dividend of 6.4 cents per share, which the Board declared today, total Dividends declared for 1H 2025 are \$83.7 million, or 18.9 cents per share. This represents an annualised yield of 20.9%”.

“We closed the first half of 2025 delivering \$47.0 million in NPAT, an increase of 2% over PCP, and Profit pre-Tax and Loan Loss Expense also increased by 1% on PCP and was up 8% on 2H 2024”.

Operating and financial results

Originations

The Company delivered \$4.5 billion in **Originations** over 1H 2025:

- **Mortgage** Originations at \$2.8 billion for the first half grew 53% on PCP. Growth was driven by Prime – both Residential and Commercial – with Originations of \$1.9 billion increasing 171% on PCP. Originations mix for 1H 2025 was 70% Prime, 30% Non-conforming, versus PCP of 40% and 60% respectively.
- **Asset Finance** delivered Originations growth of 19% over PCP, with Originations of \$1.7 billion for 1H 2025. Tier A Customer Originations at \$1.3 billion grew 32% on PCP. Tier A Originations accounted for 75% of 1H 2025, with Tier B at 22% and Tier C at 3% (1H 2024: 67%, 26% and 7% respectively).

Assets Under Management (AUM)

Total AUM closed June 2025 at \$20.1 billion, increasing 4% over PCP, and 5% over December 2024 close.

Total Lending AUM closed June 2025 at \$15.8 billion:

- **Mortgage AUM** at \$9.5 billion, was down from \$11.3 billion as at June 2024 and \$10.2 billion at December 2024, given higher Whole Loan Sales (WLS) in 1H 2025 (\$1.7 billion in Mortgage WLS over 1H 2025).
- **Asset Finance AUM** closed June 2025 at \$6.3 billion, an increase of 11% on June 2024 and up from \$5.6 billion at December 2024.

Servicing AUM – market demand for WLS remained strong over 1H 2025, resulting in Servicing AUM closing 30 June 2025 at \$4.3 billion, up \$2.1 billion, +90%, on PCP. WLS sees AUM transferred from Lending to Servicing.

Net Interest Margin (NIM)

Net Interest Margin of 1.98% for 1H 2025 increased 6 bps over PCP:

- **Mortgages NIM** at 1.51% reduced by (9) bps on 1H 2024. While Mortgage NIM benefited from improved funding, stabilisation of BBSW volatility, product mix and pricing strategies, including the pass through of RBA rate changes, the strong growth in Prime Originations marginally compressed NIM.
- **Asset Finance NIM** increased 21 bps on the prior comparable period as the flow through of cost of funds gains and relative stable swap rates improved underlying yield.

Credit performance

Loan Loss Provision Coverage¹² remains strong at 0.79%, and is up from 0.74% in the second half of 2024 and 0.71% PCP.

Loan Losses Expense of \$40.9 million, including Post Model Overlay, reduced by \$0.7 million on PCP:

- **Collective (base):** increased \$(10.3) million on PCP driven by higher Asset Finance AUM, partially offset by Collective release in Mortgages on execution of the Whole Loan Sales (WLS) over 1H 2025. No Asset Finance WLS were executed.
- **Specific:** expense of \$(35.8) million improved \$10.9 million over PCP, as late-stage arrears in Asset Finance continue to improve following the spike in 2024 driven by heightened insolvencies.

Discretionary cost management

1H 2025 Total Expenses were \$(116.7) million, a reduction of 2% on PCP and \$10.4 million lower than 2H CY2024.

Versus 1H 2024 key movements were:

- **Employee expenses** decreased by 3% on PCP, as ongoing benefits from the Company's scaled technology platform, supporting automation, and disciplined approach to cost management drove efficiencies, offsetting the impact of salary and wage inflation.
- **Marketing expense** reduced by 11% on PCP, largely due to timing given the initial impact of the new sponsorship arrangement which was reported in 2H 2024.
- **Technology expense** increased (15%) on PCP - expenses shifting in part from capitalised to operating. **Depreciation and amortisation expense** declined 7% over the same period.
- **Corporate Interest expense** improved by \$1.6 million on PCP reflecting \$57.5 million reduction in the drawn balance of the Corporate Debt Facility.

Funding

Over the first half of 2025, the Company completed one Public Term Securitisation, for \$1.0 billion, and three Whole Loan Sales / Private Term Securitisations - two Prime Mortgage Whole Loan Sales totalling \$973.3 million, and a Non-Conforming Mortgage Whole Loan Sale of \$756.6 million.

Warehouse facility limits, at 30 June 2025, were \$11.5 billion, an increase of \$0.6 billion on 31 December 2024 and an increase by \$2.3 billion on 30 June 2024.

Capital management

Over the twelve months to 30 June 2025, and in line with Pepper Money's capital management strategy, \$57.5 million in Corporate Debt Facility has been repaid, with the drawn amount at 30 June 2025 of \$97.5 million (30 June 2024: \$155.0 million; 31 December 2024: \$125.0 million).

At 30 June 2025, the Group had \$142.9 million in unrestricted cash (30 June 2024: \$99.8 million, 31 December 2024: \$124.0 million).

Dividend

In line with the Group's capital management strategy, part of the cash released from Whole Loan Sales has been returned to shareholders via a fully franked **Special Dividend** of 12.5 cents per share, declared 3 June 2025 and paid 16 July 2025. The Special Dividend represents an annualised yield of 13.9%.

The Board has declared a fully franked **Interim Dividend** of 6.4 cents per basic share³ which will be paid on 10 October 2025. This represents a payout ratio of 60.0% of Pro-forma NPAT for the six months to 30 June 2025, up from 47.5% for the 2024 Interim Dividend. The 2025 Interim Dividend represents an annualised yield of 7.1% (2024 Interim Dividend 6.7%). The combined annualised yield of both the Special and Interim Dividend is 20.9%.

Outlook

Commenting on the balance of 2025, Mr Rehayem said: *"Our start to 2025 has been very positive and positions us well for the full year. At the end of June 2025, our application volume, in total, was up 30% on PCP and 10% on the second half of 2024. We will continue the rollout of our efficiency tools in areas such as our call centre, leveraging off our ongoing investment in AI, as results to date are exceeding our expectations. We will continue to drive down our cost to originate and cost to serve, whilst ensuring the X factor is delivered to customer and partners alike as we constantly enhance our speed to yes and user experiences"*.

ENDS

This announcement was authorised for release by the Board.

About Pepper Money

Pepper Money is one of Australia and New Zealand's leading non-bank lenders. It was established in 2000 as a specialist residential home loan lender in Australia with a focus on providing innovative home loan solutions to customers. Today, Pepper Money has a broad product offering of residential home loans, asset finance, commercial real estate and novated leases in Australia and residential home loans in New Zealand. For more information visit www.peppermoney.com.au

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1. bps – basis points.

2. PCP: prior comparable period being the 6 months to 30 June 2024.

3. Fully franked Interim Dividend of 6.4 cents per share payable on Pro-forma NPAT for the period 1 January 2025 – 30 June 2025, declared 21 August 2025, record date 12 September 2025 and payment date: 10 October 2025

4. Annualised dividend yield: Special and Interim Dividend payable, based on 30 June 2025 closing share price (\$1.80).

5. Special Dividend declared 3 June 2025, record date 11 June 2025 and payment date 16 July 2025.

6. Numbers are subject to rounding variances.

7. Statutory Net Profit After Tax (NPAT).

8. Pro-forma pre-tax adjustments: 1H 2025 \$Nil, CY2024: \$Nil

9. Loan Losses excludes Post Model Overlay.

10. Committed and uncommitted facility limits. Includes Pepper Money Notes.

11. Cost to Income ratio defined as Total Expenses / Total Operating Income before Loan Loss Expense.

12. Total Loan Loss Provisions as a percent of Lending AUM (closing).