Pepper Money Limited

2026 First Half Results Presentation
Script – As Per Recording

Results: Thursday 20 August 2026

SLIDE NUMBER 2

Good morning, everyone and welcome to Pepper Money Limited's First Half 2026 results presentation.

My name is Gordon Livingstone - Investor Relations at Pepper Money

I would like to begin by acknowledging the traditional custodians of the land on which we meet today, the Gadigal people of the Eora Nation. We pay our respects to each of their Elders, past and present.

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Today, Pepper Money's CEO - Mario Rehayem - will provide a business update after which Pepper Money's CFO - Therese McGrath - will take us through the financial performance.

There will be an opportunity to ask questions, following Mario's closing remarks, which can be either via phone, or submitted via the portal.

Passing now to Pepper Money's CEO – Mario Rehayem.

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Thank you, Gordon. And thank you to everyone attending today's call.

Following the outstanding performance achieved by the business in 2025, the momentum has continued into the first half of 2026, with the business setting a number of new records.

Growth in Originations continued, with Mortgages delivering $4.5 billion in the first half, up 63% and Asset Finance $1.7 billion up 2% on PCP. We closed the half with total Originations of $6.3 billion – a growth of 40% on prior year.

Originations growth drove Total AUM to a new high of $24 billion, up 20% on the first half 2025 close. Mortgages AUM closed 32% higher than 30 June 2025 – at $12.5 billion, and while Asset Finance was marginally down 4% on PCP to $6 billion, the decline was due to the $1 billion Whole Loan Sale completed in May 2026. As the Whole Loan Sale transferred AUM from Lending to Servicing - our Servicing AUM closed the half at $5.5 billion, up 26% on PCP.

We grew our Total Net Interest Margin while also delivering exceptional volume growth. Total NIM increased to 2.1%, up 12 basis points on first half 2025. Mortgage NIM improved 13 basis points to 1.64%, benefiting from lower funding costs flowing through from prior periods, product mix, external margin and bank interest, with RBA interest rate increases passed on in full. Asset Finance NIM increased 14 basis points on PCP to 2.87%, driven by improved cost of funds.

Volume and NIM growth were not at the expense of loan performance – with our Coverage Ratio of 0.79% remaining flat on PCP and we remain well provisioned.

Our constant investment in our platforms and processes meant we have captured growth efficiently, and when taken with our disciplined approach to cost management, we have again improved our Cost to Income Ratio which at 49.4% improved 2% on PCP.

I should note that our Pro-Forma expenses in the first half, included $3.5 million in non-recurring transaction costs relating to the Non-Binding Indicative Offer received from Challenger Limited that did not proceed to completion. These costs included legal, financial, tax, due diligence and advisory fees. Adjusting for these non-recurring costs, CTI was 48% an improvement of 4% on PCP.

Underlying profit, defined as Pro-forma Profit before Tax and Loan Loss Expense, was up 17% versus PCP and closed the half at $127.8 million. Growth in Originations and Assets Under Management combined with our disciplined approach to costs and scale efficiency, delivered Pro-forma NPAT for the half year of $53.9 million, 15% growth on PCP, and when adjusting for the impact of the non-recurring transaction costs I mentioned earlier, Pro-forma NPAT was $56.4 million, an increase of 20% on first half 2025.

Our exceptional business performance has allowed the Board of Directors to declare a fully-franked Interim Dividend of 7.2 cents per share – which represents a payout ratio of 60% on Pro-forma NPAT and an annualised yield of 9.5%. The 2026 Interim Dividend also represents a 12% growth on Interim Dividend per share paid in respect to last year.

Turning to volume on slide 5.

SLIDE NUMBER 5

The strength of our volume growth is down to the very effective execution of our strategic imperatives – including new product development, modification and expansion to our credit policies and our focus on building our pipeline ahead of the curve.

Over the first half of 2026, our total Applications increased by 35% versus PCP, and grew 10% on the second half of 2025.

This strong application growth positively transferred to Originations – which grew, in total, by 40% on PCP and by 7% on the second half of 2025, to close the half at $6.3 billion.

Origination growth in turn drove AUM. Total AUM – including Servicing AUM - closed 30 June 2026 at a new record of $24 billion, up 20% on June 2025 close and 10% higher than where we closed December.

Mortgage applications for first half 2026 were up 50% on PCP, and 12% versus the second half of 2025. The strong growth in applications led to Originations growing by 63% on PCP to close at $4.5 billion. Our strategies enabled our Mortgage business to grow 7.1 times system for the first half of 2026 when compared to the second half of last year.

Asset Finance applications grew by 7% when comparing first half 2026 to first half 2025, supporting a 2% growth in Originations over the same period. We have outperformed the market, growing 9.1 times system, following the 8.6 times system growth we achieved in the second half of 2025.

When I cover the market outlook, I will address how recent changes to CGT / Negative Gearing and Self-Managed Super Fund residential lending are affecting the underlying application run rate. But first, I will turn to the performance of each business area, beginning with Mortgages.

SLIDE NUMBER 6

Our Mortgage business again **delivered exceptional growth** over the half with volume increases resulting from effective execution across multiple strategies.

Mortgage Originations closed first half 2026 at $4.5 billion, growing 63% on PCP and delivered the highest reported Originations in any given half year.

Growth was strongest in Prime which accounted for 79% of Originations, up from 70% versus prior comparative period, with Non-conforming contributing 21% of Originations.

AUM closed June 2026 at $12.5 billion, up 32% on 30 June 2025 close. A Whole Loan Sale of $400 million was executed in March 2026.

We outpaced the market, growing at 7.1 times system.
Our funding capability, enhanced credit policies and extended products help to deliver an improvement in Net Interest Margin of 12 basis points to 1.64% versus PCP.

Our success reflects disciplined execution of our strategy and our commitment to staying the course.

SLIDE NUMBER 7

Like Mortgages, Asset Finance delivered a strong performance, finishing the first half 2026 with Originations of $1.7 billion, a growth of 2% on PCP.

We always focus on the right balance of risk and returns on assets originated. Novated Lease delivered the strongest absolute growth, increasing 8% on PCP, and contributing 52% of total Asset Finance Originations for the period. Origination mix remains weighted to Tier A at 78% up from 75% on PCP.

In Asset Finance, our competitive advantage is not price; it is our ability to meet customer and partner needs through fast decisioning.

Our Asset Finance originations platform, SOLANA, continues to support both partners and customers. Automation and direct API connections into our partners' CRMs have continued to improve auto-approval rates. Our "time to yes" remains a key driver of customer and partner satisfaction and is further strengthened by real-time payments, or "time to cash", where we continue to lead the market. Introducers increasingly expect faster turnaround times across both decisioning and funding. Improving these turnaround times through process enhancements and our tech capabilities has been a key strategic focus and is reflected in our first half results.

Asset Finance NIM increased by 14 basis points compared with the first half 2025, closing at 2.87%. This improvement was driven by the flow-through of lower cost of funds and effective hedging, which helped minimise swap rate movements.

Asset Finance AUM closed June 2026 at $6 billion, down 4% on PCP, following the completion of a $1 billion Whole Loan Sale in May 2026. No Asset Finance Whole Loan Sales were completed in the first half of 2025.

SLIDE NUMBER 8

The Loan and Other Servicing business is the provision of independent loan servicing to the market.

The numbers on the slide do not include RAMS – which completed after half year close, which I will cover later.

Our Loan and Other Servicing segment continues to report strong growth, benefiting from the strength of our Whole Loan Sale program.

During the first half, we completed two Whole Loan Sales - $400 million in Prime Mortgages and $1 billion in Asset Finance. Net of customer attrition, these transactions increased Servicing AUM to $5.5 billion, up 26% on June 2025.

As I have noted in the past - Whole Loan Sales continue to deliver capital light servicing income growth. Other Operating Income closed the half at $10.9 million – up $2.5 million on PCP. Whole Loan Sales are a key part of our overall capital management strategy, as they are capital light. Whole Loan Sales allow us to recycle capital against growth opportunities. They provide an annuity style income, at no incremental cost to the business given the loans are already being serviced by Pepper Money; and they provide us with a defensive earnings stream across the credit cycle.

Our loan servicing expertise and commitment to outstanding customer care have led to Pepper Money's appointment as Servicer for the RAMS portfolio. We will also be appointed Servicer for the Australian home loan and personal loan portfolio originated by HSBC Australia, following the proposed acquisition of that portfolio by funds managed by affiliates of Blackstone, announced at the end of July. As at 31 March 2026, the portfolio had a total book value of approximately $36 billion. The transaction supports our strategy to grow our capital-light Servicing business, providing annuity-style earnings, greater operational scale and further diversification benefits. Completion remains subject to satisfaction of a number of conditions precedent and is expected to complete in the first half of 2027.

The next slide covers the addressable market and our outperformance. As I have already covered this in the segment performance discussion, I will now move to funding on slide 10.

SLIDE NUMBER 9

SLIDE NUMBER 10

Since 2003, Pepper Money has raised $45 billion through 68 debt market transactions, maintaining strong relationships with over 100 investors who consistently support the business. Every public term securitisation issued since our inaugural transaction in 2003 has been called at the first available call date.

Warehouse facilities limits were materially upsized over the first half in support of Originations growth. At 30 June 2026 total facility limits were $15.1 billion, an increase of 13% on December 2025 and an increase by $3.7 billion on June 2025.

During the first half, we executed two Whole Loan Sales totalling $1.4 billion: a $400 million Prime transaction and a $1 billion Asset Finance transaction.

Since 30 June we have completed two public term securitisations – Pepper Prime 2026-1 for $1 billion as well as a Commercial Real Estate transaction for $500 million. We have also mandated a $1 billion Auto Backed Securitisation – SPARKZ 10 – which is scheduled to price this week.

As part of the Consortium, we also completed the $15.4 billion Cashmere Funding Trust 2026-1 for the RAMS home loan portfolio acquired from Westpac Banking Corporation. Now turning to productivity.

SLIDE NUMBER 11

Our ongoing investment in technology platforms and process improvement continues to materially enhance productivity. It also enables us to efficiently support higher Originations growth while reducing acquisition and servicing costs.

Our servicing platform, Apollo, continued to deliver enhanced customer self-help options and materially reducing customer effort post settlement – as well as reducing our cost to serve.

Servicing productivity grew 10% first half 2026 on first half 2025, with Mortgages productivity up 37% and Asset Finance up 8%.

As you would expect - we will continue to leverage our technology stack, creating capacity and efficiencies to accommodate future growth. This has allowed us to take on board the RAMS portfolio – with a material uplift in productivity which I will cover before closing off today on the Outlook. I will now hand over to Therese to run through the financials.

SLIDE NUMBER 12

Thank you, Mario, and good morning, everyone.

We continued to deliver strong outcomes across all key financial and operating metrics.

Originations of $6.3 billion drove the 20% increase in Total AUM – which closed the half at $24 billion.

Growth was not at the expense of margin.

Total Net Interest Margin improved by 12 basis points on PCP – given the benefits from our portfolio diversification strategy, the growth in AUM and the flow through of improvement in cost of funds.

Volume growth, translated into revenue growth – with Total Operating income at $204 million, 10% higher than PCP.

Income growth, and our ongoing ability to drive scale economies and managed costs, again delivered positive jaws – and our reported Pro-forma Cost to Income Ratio at 49.4% improved 2% on PCP.

Pro-forma NPAT closed the first half at $53.9 million – representing a 15% growth on PCP, given strong volumes, improved margins and disciplined cost management.

Expenses associated with the migration of the RAMS portfolio have been Pro-formed. These total $5 million over the half.

Our Statutory NPAT closed at $50.4 million, an increase of 7% on PCP.

Turning now to the details, starting first with Net Interest Margins.

SLIDE NUMBER 13

First Mortgages:

Mortgage NIM at 1.64% improved by 13 basis points on half one 2025 benefiting from the flow through of improvement in cost of funds and BBSW.

We also passed on RBA interest rate increases in full.

Mortgage NIM also improved by 6 basis points compared to the second half of 2025 as funding margins, coupled with increased customer rates and the pass through of the RBA rate increases, offset the movement in BBSW.

Asset Finance NIM improved by 14 basis points on the prior comparative period to close the first half 2026 at 2.87%. The improvement in NIM versus PCP was achieved through improved cost of funds, and effective hedging minimising swap rate movement supporting improved underlying yield.

Versus the second half of 2025, Asset Finance NIM contracted 9 basis points as improved funding margins were offset by the volatility in swap rates in the early part of the year, given both the interest rate and geo-political uncertainties.

Total NIM for the first half of 2026 improved 12 basis points over the prior comparative period given portfolio and product mix and the improvement in cost of funds, only being partially offset by swap rate movements.

Versus the second half of 2025, Total NIM compressed by 3 basis points as swap rate volatility offset gains from mix, cost of funds and interest rate increases.

Now turning to credit performance on slide 14.

SLIDE NUMBER 14

Loan Loss Expense increased by $7.8 million on PCP as we made changes to the macro-economic scenarios used in modelling expected credit losses, as well as to the relative weightings of our base and downside scenario assumptions.

These changes increased Collective Provisions. Loan Loss Expense increase also reflects the strong growth in Lending AUM which increased 18% on PCP.

I have provided in the Appendix a table which shows the changes we made to our macro-economic assumptions and scenarios.

Mortgage Collective expense increased by $8.8 million on PCP, given the provision release from the $1.4 billion in Whole Loan Sales executed in the prior comparative period, versus the $400 million in Whole Loan Sales in first half 2026. Collective also reflects the strong growth in AUM – up 32% on PCP - and the change in macro-economic assumptions. Mortgage Specific expense decreased by $1.9 million reflecting improved portfolio performance.

Asset Finance Loan Loss Expense at $44.4 million increased $800 thousand on PCP. The provision release from the $1 billion Whole Loan Sale in the first half of 2026 was offset by the change to macro-economic model assumptions and weightings, which impacted Asset Finance more materially than Mortgages.

Moving to Loan Loss Provisions on slide 15.

SLIDE NUMBER 15

The movement in Loan Loss Expense increased Provisions by $22.5 million versus June and by $8.6 million versus December 2025 to close half one 2026 at $147.2 million

Versus PCP the key movements in Loan Loss Provisions were due to the increase in Collective provision of $25.3 million following the change to the macro-economic scenarios as well as the weightings of base to downside assumptions, and the 18% growth in Lending AUM across the period.

Specific provisions reduced by $2.8 million versus June 2025.

The coverage ratio closed June 2026 at 0.79% of Lending AUM in line with PCP, and inclusive of $6 million in Post Model Overlay. As always, we remain well provisioned.

Turning now to FTE and Expenses.

SLIDE NUMBER 16

While Total Reported Pro-forma Expenses increased by $8.2 million or 7% on prior comparative period, they included $3.5 million of costs incurred in relation to the Non-Binding Indicative Offer for Pepper Money received from Challenger Limited that did not proceed to completion. These costs were primarily legal, financial, tax, due diligence and advisory fees. Adjusting for these non-recurring costs, Total Pro-forma Expenses increased by $4.7 million, or 4%, on PCP – in line with inflation.

Running through Reported Pro-forma expenses versus first half 2025 key movements were

- Employee benefit expense increased $5.0 million on PCP to $68.5 million, reflecting both salary inflation and the increase in Core Sales FTE which supported the 40% growth in Originations.
- Marketing expense increase of 30% on PCP relates to the pull forward of the West Tigers sponsorship to second half 2024 from first half 2025 spend.

- General and administration cost increase included the non-recurring costs of the transaction that failed to complete.
- Technology expense increased 3% on PCP – with expenses shifting in part from capitalised to operating, and as such Depreciation and amortisation expense declined 18% over the same period.
- Corporate Interest expense improved by $3.0 million on PCP as total drawn corporate debt reduced by $27.5 million.

We continue to deliver positive jaws. The growth in Total Operating Income coupled with ongoing expense management and scaled economies delivered Reported Pro-forma Cost to Income ratio improvement of 2% on PCP, and we close the half at 49.4%. When restating for the non-recurring transaction expenses incurred, CTI was 48.0% - a gain of 4% on the prior comparative period.

SLIDE NUMBER 17

Most movements in the P&L have already been covered but to summarise versus PCP:

- Origination and Lending AUM growth increased Total Net Interest Income 17% on prior comparative period to $184.5 million, with Mortgages Net Interest Income increasing 22% and Asset Finance by 13% on PCP
- Total Operating Income for the half of $204 million increased 10% on PCP, with slightly lower gain on sale being reported given we did $1.4 billion in Whole Loan Sales in 2026 versus $1.7 billion in the first half of 2025.
- Taken with our ongoing cost management – Pro-forma NPAT improved 15% versus PCP to $53.9 million, with underlying profit – being Pro-forma Profit pre-Tax and Loan Loss Expense increasing by 17% on the prior comparative period to $127.8 million.

Our Financial Metrics have been included for you on the next slide, so turning to capital management on slide 19.

SLIDE NUMBER 18

SLIDE NUMBER 19

Over the first half of 2026, we repaid $50 million in Medium Term Notes and drew down $22.5 million from the Corporate Debt Facility. Total drawn corporate debt at 30 June 2026 was $120.0 million, down from $187.5 million at June 2025, and $147.5 million December 2025.

In July 2026 we established a new 3–year revolving credit facility, with a total size of $275.0 million, and on better terms, with a drawn balance of $120 million and we retired the existing Corporate Debt Facility

At 30 June, our unrestricted cash stood at $79.4 million.

The strength of our operating performance has seen the Board declare a fully franked Interim Dividend of 7.2 cents per share, up 12% versus 2025 Interim Dividend and represents a 60% payout ratio of Pro-forma Net Profit for the six months to 30 June 2026.

Turning to cash on slide 20.

SLIDE NUMBER 20

Given the level of cash that the business generates we have:

- funded the 40% increase in Originations;
- repaid, net, $27.5 million of Corporate Debt facilities;
- paid $35 million in fully franked Dividends, being the 2025 Final dividend; and
- we closed the half with Unrestricted cash of $79.4 million, from which we declared the fully franked Interim dividend of $32.3 million

So to close with our Balance Sheet on slide 21.

SLIDE NUMBER 21

Loans and advances at 30 June 2026 of $18.7 billion, reflect the 11% net portfolio change on December 2025 close.

We Originated $6.3 billion in new financial assets in the period, as well as executed Whole Loan Sales totalling $1.4 billion. Warehouse capacity was increased by 13% on 31 December 2025 to $15.1 billion.

Net Assets closed 30 June 2026 at $886.9 million up from $869.9 million at December 2025, given the movement in Loans and Advances.

And retained earnings reflect profit delivered by the business, net of dividends paid.

Thank you and I will now hand back to Mario.

SLIDE NUMBER 22

Thanks, Therese,

As you know we successfully completed the migration of the $15.4 billion RAMS portfolio on 1 August 2026. While RAMS is not included in this reporting period, adding it to the $24.0 billion in assets we already manage takes our total AUM to just under $40.0 billion. This is a new AUM watermark for a non-bank in Australia.

Earlier I covered our strategy of constant investment in our technology platform and process to deliver scale and productivity. The proof of this strategy is seen through RAMS. Adding an additional 41 FTE we have currently taken on from RAMS as well as the additional $15 billion in AUM our productivity has improved by 43% versus where we ended the first half of this year.

I am very proud that, following completion of Blackstone's recently announced proposed acquisition, Pepper Money will be appointed Servicer of HSBC Australia's mortgage and personal loan portfolio. While the transaction remains subject to conditions precedent and is expected to complete in the first half of 2027, we have already begun preparing to deliver a strong customer experience for the HSBC customers we will have the privilege of onboarding and servicing over time.

I am also incredibly proud that Pepper Money has been appointed as Servicer for two of Australia's largest portfolio sales. This reinforces that the market values Pepper Money not only as a market leading lender, but also for our exceptional service capability, customer focus, scalable platform and unrivalled ability to execute large complex transactions.

SLIDE NUMBER 23

Before opening to Q&A, I will briefly cover our market outlook.

It has already been well reported that the changes made by the Federal Government in respect of Capital Gains Tax / Negative Gearing and Self-Managed Super Fund lending on residential properties is having a marked impact on the Mortgage market.

Equifax mortgage enquiry data shows that in the last three months to July enquires are down 20% versus the same period for last year and down 15% since the Budget was announced in May when compared to last year.

Against this backdrop, Pepper Money continues to materially outperform. Our broad product range, strength in Non-conforming, deep distribution network, customer service excellence and tech capabilities continue to generate strong enquiry volumes, as reflected in our growth relative to system.

However, we also need to be pragmatic – enquiry volumes are likely to continue slowing as interest rate uncertainty persists and inflation remains above the RBA 's target band of the 2–3%.

SLIDE NUMBER 24

In closing - our performance once again demonstrates Pepper Money's proven ability to execute a clear strategy and manage effectively through all market cycles
We have been recognised by the market for our loan servicing expertise and commitment to exceptional customer care, with appointments as Servicer for both RAMS, which has been completed, and HSBC, which is underway. These appointments position Pepper Money as Australia's leading servicer of large-scale portfolios. Our ongoing investment in technology, people and processes supports our strategy to expand our capital-light Servicing business while delivering meaningful productivity gains.

We continue to build our business diversification - in terms of the scale for our two-core lending businesses Mortgages and Asset Finance:

We continue to innovate by developing products that address clear customer needs, supported by disciplined credit enhancement and targeted product expansion.

Our continued investment in technology makes us easier to do business with and strengthens our speed-to-yes. Together, with our leading distribution footprint, this has enabled application growth well ahead of the market.

And we are scaled – and can capture all opportunities efficiently and with improved productivity.

I am proud to be able to say – based on Total AUM – that Pepper Money is Australia's largest Non-bank lender.

Thank you and now I will hand back to the Operator for Q&A.