Appendix 4E

Company details

Name of entity:	Pepper Money Limited
ABN:	55 094 317 665
Reporting period:	Year ended 31 December 2025 (the "year")
Prior comparative period:	Year ended 31 December 2024

Results for announcement to the market

All comparisons to year ended 31 December 2024:

Statutory Results

				$M
Net interest income	Down	1.7%	to	335.6
Total operating income	Up	0.6%	to	388.8
Net profit after income tax	Up	6.5%	to	104.6

Dividends

The Directors have approved a Final dividend in respect of the financial year ended 31 December 2025 of 7.8 cents per ordinary share which will be paid on 16 April 2026 to shareholders on the share register as at 13 March 2026.

	Amount per share	Franking	Total Amount $M
Final CY2025 dividend declared	7.8 cents	30%	34.7
Interim CY2025 dividend paid on 10 October 2025	6.4 cents	30%	28.4
Special CY2025 dividend paid on 16 July 2025	12.5 cents	30%	55.5

Net tangible assets per ordinary share

Net tangible assets per ordinary share is calculated by deducting intangible assets and deferred tax assets from net assets and dividing the result by the number of shares on issue at the reporting date.

	31 December 2025 $	31 December 2024 $
Net tangible assets per ordinary share	**1.58**	1.57

Explanation of results

A reference in this Appendix 4E to the "Group" is a reference to Pepper Money Limited and its controlled entities.

This information should be read in conjunction with the Consolidated financial statements for the year ended 31 December 2025 and with any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange ("ASX") Listing Rules.

Pepper Money Limited listed on the ASX in May 2021 and, as at 31 December 2025, is 59.91% owned by Pepper Group ANZ Holdco Limited ("Holdco"). Holdco is an independently wholly-owned subsidiary of Pepper Global Topco Limited ("Topco").

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' Report and the financial statements for the period.

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Pro-forma earnings

To reflect the Group's Pro-forma earnings, the Net profit after tax ("NPAT") has been adjusted to separate one-off items incurred in respect of material transactions. In the reporting period, Pepper Money announced they will be appointed servicer by a consortium who had agreed to acquire from Westpac Banking Corporation ("Westpac") the RAMS mortgage portfolio. Pepper Money has taken a small investment in the securitisation vehicle which will acquire the interest in the loan portfolio, alongside other members of the consortium. Subject to satisfaction of the conditions precedent, the transaction is expected to complete Q3 2026.

Management believes the disclosure of the Pro-forma NPAT provides additional insight into the underlying performance for the period, by excluding one-off, non-recurring items.

The following table reconciles the Group's statutory NPAT to the unaudited Pro-forma NPAT for the year:

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Statutory NPAT	**104.6**	98.2
Consortium transaction costs	**0.2**	–
Pro-forma NPAT	**104.8**	98.2

Details of entities over which control has been gained or lost during the year

Refer to Note 12(A)(a) for further details.

Details of associate investments and joint venture entities

The Group did not have any associates or joint venture entities during the year.

Foreign entities

The financial information presented for foreign entities which are consolidated is presented in accordance with AASB.

Commentary on results for the period

Commentary on the results for the year is contained in the ASX release accompanying this statement and the Operating and Financial Review contained within the Annual Report 2025.

Information about the audit

This report is based on the attached financial report which has been audited by the Group's auditors, Deloitte Touche Tohmatsu. A copy of Deloitte's unqualified audit report can be found on page 189.



Akiko Jackson
Chair

19 February 2026



Mario Rehayem
CEO and Director

19 February 2026

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peppermoney

Annual Report **2025**



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About this Report

Reporting suite

Pepper Money's disclosure framework for annual reporting is comprised of a suite of documents, covering the Company's strategy, risk management and corporate governance frameworks, as well as Pepper Money's financial, non-financial and sustainability performance. Transparent reporting is a key pillar of Pepper Money's communication to shareholders and other key stakeholders. Pepper Money continually evolves the report suite to align with best practice, feedback from our stakeholders, legislation and other frameworks.

Annual Report

Pepper Money's **Annual Report 2025** provides information on the Group's activities and performance during CY2025. The Annual Report outlines the Company strategy, operating environment, governance, remuneration, financial and non-financial performance for the financial year. The Annual Report draws on recommended reporting frameworks and is supported by the additional documents outlined below.

Pages 14 to 62 is the **Operating and Financial Review** for Pepper Money Limited and provides information on the Group's strategy, business, operating environment, risk management framework and financial performance. These pages outline outcomes relevant to customers, market, environment, climate, sustainability, technology, data and security, and communities.

Pages 63 to 68 contain key components of the **Report of the Directors**.

Pages 69 to 91 contain the **Remuneration Report**.

Pages 92 to 122 contain the **Sustainability Report (AASB S2)**.

Pages 123 to 192 contain the **Consolidated Financial Statements**.

Corporate Governance Statement

Pepper Money's **Corporate Governance Statement** is a key component of the Company's reporting suite and discloses how the Australian Securities Exchange (ASX) Corporate Governance Council's 'Corporate Governance Principles and Recommendations (4th Edition)' have been complied with.

Sustainability Report (AASB S2)

With the introduction of mandatory climate reporting for reporting periods beginning on or after **1 January 2025**, Pepper Money Limited has developed a **Sustainability Report (AASB S2)**, that outlines the path to ensure effective ongoing adoption of climate-related risks and opportunities to ensure compliance with mandatory climate reporting obligations.

Environment, Social and Governance (ESG) Report

Pepper Money has built strong foundations of supporting the community, embedding good corporate governance, and lending responsibly to our customers. Pepper Money seeks to continually strengthen its **Environmental, Social and Governance** framework to provide a quantifiable guide on the standards Pepper Money seeks to uphold.

The Company's **ESG Report** outlines how Pepper Money manages sustainability, including the risks and opportunities across ESG factors identified as material themes for the business.

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Forward-looking statements

This report may contain forward-looking statements or opinions including statements regarding intent, belief or current expectations with respect to the Company's business operations, market conditions, results of operations and financial condition, capital management, sustainability objectives or targets, specific provisions and risk management practices. Those matters are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented herein. When used in the report, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Company and its Management, are intended to identify forward-looking statements or opinions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained herein. Also refer to **Section 7** of the Operational and Financial Review – '**Risk Management Framework, Material Risks and Business Uncertainties**' in relation to risks that may affect forward-looking statements, and the 'Key Judgements and Estimates' identified in various places in the Annual Report.

These forward-looking statements are usually predictive in character. They may be affected by inaccurate assumptions, unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and the Company assumes no obligation to update such information.

Climate-related information

This report also contains climate-related statements. Those statements should be read with the important notices in relation to the uncertainties, challenges and risks associated with climate-related information in our **Sustainability Report (AASB S2)**, as noted above.

Additional information

Pepper Money's Board and Committee Charters and key policies, standards and other corporate governance materials can be found at: www.peppermoney.com.au/about/corporate-governance



Acknowledgement of Country

Pepper Money acknowledges Australia's First Nations people as the Traditional Custodians of the land and their continuing connection to country, sea and water. We pay respect to their Elders past and present.

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Contents

ifc About this Report
2 Chair's Letter
4 Board of Directors
6 CEO's Letter
12 Executive Team
14 Operational and Financial Review
63 Directors' Report
69 Remuneration Report
92 Sustainability Report (AASB S2)
118 Directors' Declaration
119 Independent Auditor's Review Report
123 Consolidated Financial Statements
185 Consolidated Entity Disclosure Statement
188 Directors' Declaration
189 Independent Auditor's Report
193 Shareholder Information
196 Glossary of Terms
200 The History of Pepper Money
202 Corporate Directory





Additional information

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www.peppermoney.com.au/about/corporate-governance

Chair's Letter

Dear Shareholder,

I am sincerely proud of the results that the business delivered over CY2025. This success is down to having a strong well thought-out strategy, a continued focus on optimising efficiencies as well as an innate drive to execute to the highest standards.

Our success is built on how we invest in the right people, processes, technology and data, across all areas of our business. Pepper Money's long-standing mission to **"help people succeed"** continues to provide a key guiding principle for the business. The **X-Factor** program, introduced in CY2024 focuses on meeting the needs of our customers and partners that delivers the best experience. The values of **"Can Do, Balanced, and Real"** are at the heart of our business. Our people exemplify these values every day, which helps Pepper Money remain a leader in the non-bank sector across Australia and New Zealand and drove our exceptional performance in CY2025.

Many people continued to feel the pressure of rising inflation, and while the interest rate cuts seen over the year were welcomed, cost-of-living pressures continued to affect some of our customers. Pepper Money, as always, remains focused on what matters most – supporting our customers – not only through tailored financial solutions in line with our mission, but through prioritising their financial wellbeing. Listening to our customers is critical for us to understand their changing needs and find opportunities for improvements.

CY2025 Results Highlights

Our CY2025 results has been delivered through our key strategic initiatives. Our ongoing ability to innovate, and the continued focus of the business on how best to meet customer needs, is demonstrated through our new product development. In Mortgages, the success of our **Self-Managed Super Fund mortgage**, launched in Q3 2023 is truly meeting a market need. SMSF Originations grew by 106% on PCP and **contributed 7% of the total Originations for our Mortgage** business segment in CY2025.

In Asset Finance, customer and partner needs are being met through the delivery of fast decisioning. Introducers continue to expect faster turnaround at both **"time to yes"** and **"time to cash"**. Delivering faster turnarounds through process improvements, including leveraging our technology capabilities, has been a key strategic focus and has reflected in our results over CY2025, with **Average time to yes** (approval decision) at 3.97 hours, with December delivering our best result at 2.28 hours and **Average time to cash** (settlement) at 1.76 hours over CY2025 with December at 1.56 hours.



We announced on 3 November 2025, that Pepper Money was part of the successful Consortium to **acquire the Westpac RAMS mortgage portfolio**. Pepper Money is being appointed the servicer of the portfolio in addition to taking a small investment in the securitisation financing vehicle which will acquire the interest in the loan portfolio, alongside other members of the Consortium. The transaction is subject to conditions precedent and is expected to complete in Q3 2026, and as such has not impacted CY2025 results, other than a Pro-forma adjustment ($0.3 million pre-tax). However, this again shows how Pepper Money's focus on its strategic imperative of capital light business diversification – which has underpinned our Whole Loan Sale program and grown our Loan and Other Servicing business segment – is delivering the right results.

The above has enabled Pepper Money to deliver both record Originations and record AUM in CY2025. **Originations at $10.3 billion** were the highest achieved by the business over its 25-year history and represented a growth of 47% on CY2024. **Total AUM closed December at $21.8 billion**, again a new record for Pepper Money, and an uplift of 14% on December 2024. Our strong volume performance has flowed through to profit: Pro-forma **pre-Tax and Loan Loss Expense** of **$237.4 million**, **increased 13%** versus CY2024, and **Pro-Forma Net Profit After Tax** at **$104.8 million increased 7%** on prior comparative period.

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Returns to our Shareholders

Through our capital management strategy, we announced in June 2025 a fully franked **Special dividend[1] of 12.5 cents per share**. At the half year we declared a fully franked **Interim dividend[2] of 6.4 cents per share**. Our exceptional performance over the second half of the year has seen the Board declare a fully franked **Final dividend[3] of 7.8 cents per share** – representing a **60% payout ratio on Pro-forma Net Profit after Tax** for the six months to December 2025. Incorporating the Special, Interim and Final dividends, over CY2025 the Company has declared 26.7 cents per share in fully franked dividends, which returns **$118.6 million to our shareholders** in dividends. In declaring these dividends your Board always strives to balance the needs and interests of all our stakeholders with our potential growth opportunities. The year's financial performance and the strong management of the Company's capital position has allowed for a material increase in returns to shareholders.

Our Ongoing Commitment to Sustainability

Through the Pepper Money Board Environmental, Social and Governance Committee **(BESG Co)**, the Board has oversight and accountability to ensure good governance of the Company's sustainability initiatives. BESG Co provides end-to-end oversight for Pepper Money's ESG strategy, objectives, target setting, monitoring and reporting. This is done in line with existing and emerging environmental, social and governance considerations including mandatory climate-related financial and other reporting requirements.

CY2025 saw the introduction of the Australian Sustainability Reporting Standard – AASB S2 *Climate-related Disclosures*. Pepper Money is classified as a Group 1 Reporting Entity under the *Corporations Act 2001*. We have therefore commenced mandatory climate-related reporting for the year commencing 1 January 2025 as part of a new regulatory framework aimed at enhancing transparency in sustainability practices. Pepper Money's Sustainability Report is on pages 92 to 122 of this report.

Diversity, Equity and Inclusion

An area of focus for myself is in supporting Pepper Money in how it builds its culture of **diversity, equity and inclusion (DE&I)**. Our people are at the heart of our business. Our people always strive to deliver our mission to **"help people succeed"**, and they do so through how they embrace our values of **Can Do, Balanced and Real**. Pepper Money continues to foster an environment that values diversity at all levels through a conscious commitment to understanding, respect, inclusion and continuous learning.

We continued to make progress over CY2025 on our DE&I objectives. Across all our operating units, **women account** for **53% of our workforce** as well as hold **49%** of all **Senior Leadership[4]** positions. The most recent **Workplace Gender Equality Agency's** (WGEA)[5] data highlighted that Pepper Money is leading the way in senior female representation **within the Financial Services Industry with 49%** female representation at Senior Manager level.

The feedback from our annual Diversity Survey[6] tells us that **82% of employees** feel that leaders demonstrate a visible commitment to diversity, **84%** feel comfortable being themselves at work, and **86%** feel that we treat each other with respect and dignity.

Thank you to the Team at Pepper Money

I wish to thank the incredible team at Pepper Money, led by Mario Rehayem. We are truly fortunate to have an outstanding team – recognised across the market for their talent and capabilities. The Board as always remains confident we have the right strategy, leadership and the capabilities in place to continue to deliver results.



Akiko Jackson
Chair, Pepper Money Limited
19 February 2026

1. Record date for Special dividend – 11 June 2025. Paid 16 July 2025.
2. Record date for CY2025 Interim dividend -12 September 2025. Paid 10 October 2025.
3. Record date for CY2025 Final dividend – 13 March 2026. Payment date 14 April 2026.
4. Includes all business units Senior Leaders – Australia, New Zealand and Philippines. As at December 2025.
5. WGEA Industry Benchmark 2024 - 25 Gender Equality Report.
6. Diversity, Equity and Inclusion Survey conducted by VIVA Glint from 17 – 28 March 2025. Represents a combined score for Australia, New Zealand and the Philippines.

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Board of Directors



Akiko Jackson

Chair and Independent Non-Executive Director

Appointed Chair 23 May 2024

Appointed to Board 6 May 2021

Committee Membership

Audit and Risk

Remuneration and Nomination

Environmental, Social and Governance

Akiko is an internationally experienced Non-Executive Director and strategy adviser. Akiko has more than 30 years' experience as an executive in the financial services industry including with the Commonwealth Bank of Australia, Macquarie Bank and Westpac in Australia and MUFG Bank and Shinsei Bank in Japan, and as a strategy management consultant in the US and Australia. Akiko is a Non-Executive Director of the Foundation and Friends (F&F) of the Botanic Gardens and Sir Roland Wilson Foundation, and a member of the Audit and Risk Committee of Infrastructure NSW and Transport for NSW. She is also the Chair of the Finance, Audit and Risk Committee of the F&F. Akiko's past directorship includes being a Non-Executive Director of a Neo Bank, 86 400 Limited. Akiko is a Fellow of FINSIA and a Graduate of the AICD. She is a Fulbright Scholar with an MBA from Stanford University in the US and has a Bachelor of Law from Keio University in Tokyo.



Mario Rehayem

Chief Executive Officer and Executive Director

Appointed 2 May 2018

Mario joined Pepper Money in 2011 and has held various roles including Managing Director, Australian Mortgages and Personal Loans, and Director of Sales and Distribution, Australian Mortgages and Personal Loans. Mario was appointed the Chief Executive Officer of Pepper Money in 2017 and is responsible for the strategy and oversight of Pepper Money's businesses across Australia and New Zealand. With over 20 years of extensive experience across banking and finance, Mario has held senior positions in ADI's as well as the non-bank sector. Mario is a known advocate of mortgage broker education and growing the specialist lending category. In 2019, 2021, 2022 and 2023 Mario has been recognised in the MPA Mortgage Global 100 List featuring leaders who are making a difference in today's mortgage industry. In 2022 Mario joined the board of the Australian Finance Industry Association ("AFIA"), and in March 2024 took on the position of Chair. Mario is a champion for building a sustainable and inclusive financial system and promotes collaboration and use of technology to deliver better customer and partner outcomes.



Mike Cutter

Independent Non-Executive Director

Appointed 6 May 2021

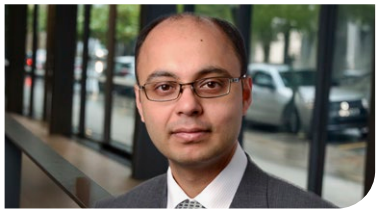
Committee Membership

Chair: Audit and Risk

Environmental, Social and Governance

Mike has over 38 years' experience in the financial services industry, both in Australia and abroad. Mike has extensive knowledge of comprehensive credit reporting regimes in Australia and international markets and was one of the original champions of comprehensive credit reporting in Australia. Mike is currently the Chair of PF BidCo Pty Ltd and Fairway Holdco Pty Ltd and a Non-Executive Director of Tower Limited, a New Zealand and Pacific Islands general insurer and Revolut Payments Australia. Prior to joining the Pepper Money board, Mike held various executive positions including Group Managing Director of Equifax ANZ, Chief Risk Officer ANZ Bank (Australia Division), CEO of GE Money Australia & New Zealand, and CEO of OAMPS Insurance Brokers. Mike has held various directorships and chairs with Wesfarmers, GE, AFC and NIBA. Mike is a Senior Fellow of FINSIA, Graduate of the AICD, and served as a Director of the Women's Cancer Foundation.

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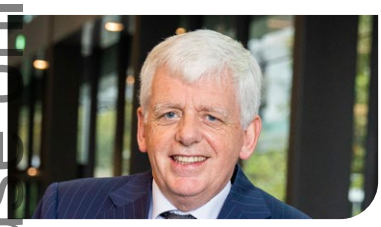


Vaibhav Piplapure

Non-Executive Director and Shareholder Representative

Appointed 23 May 2024

Vaibhav is Managing Director in the London office of Kohlberg Kravis Roberts (KKR). Vaibhav joined KKR in 2021 as a member of the Credit team in London. Prior to joining KKR, Vaibhav helped establish and was co-head of the specialty finance investing team at M&G Investments in London, where he specialised in investing in mortgage and consumer portfolio credit opportunities in Europe. Previously, he was head of securitised products finance in EMEA at Credit Suisse. During his career, Vaibhav has also worked in New York and Tokyo. He earned his MBA from the Smith School of Business at the University of Maryland, College Park and a B.S. in Mechanical Engineering from the University of Mumbai.



Des O'Shea

Non-Executive Director and Shareholder Representative

Appointed 6 May 2021

Committee Membership

Audit and Risk

Remuneration and Nomination

Environmental, Social and Governance

Des has more than 45 years global experience in banking and consumer finance . He is Chair of the Pepper Global Group Board and also Chairs Pepper Global Group Audit and Risk Committee. Des is currently Chair of Oodle Finance – a U.K. based auto finance business. In 2025 he was appointed Chair of Pepper Money UK a leading non-bank lender. He has been on the board of banks and financial institutions in more than 12 countries in Europe, Asia, South and Central America. Des is a Fellow of Chartered Accountants Ireland.



Justine Turnbull

Independent Non-Executive Director

Appointed 6 May 2021

Committee Membership

Chair: Remuneration and Nomination

Chair: Environmental, Social and Governance

Justine has over 25 years' experience in driving commercial business success with her specialist legal experience on executive employment and related governance issues, in both private and public enterprises and on national and global levels. Prior to joining the Pepper Money board, Justine held various positions including being a founding Partner of Seyfarth Shaw Australia and Partner of Herbert Smith Freehills. More recently Justine has consulted to businesses on workplace behaviour and culture issues. Justine has a long association with Pepper Money, initially as lead Employment Advisor on the Australian GE Residential Mortgages acquisition in 2011, and then as ongoing employment advisor with Herbert Smith Freehills and Seyfarth Shaw. Justine is an accredited mediator, Chair of the board of directors of the Cancer Patients Assistance Society of NSW (known as Can Assist) and is a former board member for Catholic Schools NSW/ACT, Access EAP and TAFE NSW.



Rob Verlander

Independent Non-Executive Director

Appointed 6 May 2021

Committee Membership

Audit and Risk

Remuneration and Nomination

Environmental, Social and Governance

For over 35 years Rob held senior positions at investment and commercial banks, in Australia and the United Kingdom, in the areas of Fixed Income, Capital Markets, Infrastructure and Securitisation. Rob's roles have included Head of DCM Origination BZW Australia (Barclays Banking Group), Head of Fixed Income Commonwealth Bank of Australia (Europe), member of Management Committee CBA (Europe), Head of Primary Markets CBA, and a leading member of CQ (CBA's Institutional Bank Diversity and Culture Council). Prior to his retirement from the banking industry in 2019, Rob was head of the Securitisation business at the Commonwealth Bank of Australia, where he acted as banker to many of Australia's major non-bank lenders, including Pepper Money. Rob holds a Bachelor of Arts and Law (University of Melbourne), Master of Applied Finance (Macquarie University) and Graduate Diploma in Commercial Law (Monash University).

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CEO's Letter

Dear Shareholder,



I am extremely proud of the achievements the business delivered over CY2025 – it has truly been a **record-breaking year** across all areas. What we have achieved over the year demonstrates that our consistent focus on **delivering on our strategy** has driven the right results as we have also celebrated some of the **strongest outcomes in Pepper Money's history**.

Alongside celebrating our **25th anniversary**, we broke through both the $10 billion Originations and $20 billion AUM marks – achieving **$10.3 billion in Originations** across Mortgages and Asset Finance and closing the year with **Total Assets Under Management (AUM)** – which is a key foundation of future profitability – of **$21.8 billion**. Both Originations and AUM are all-time records for the business and represent growth of **47% and 14% on prior comparable period respectively**. This growth has not come at the expense of customer, partner or employee experience – as we achieved increased engagement scores across all stakeholder groups.

Our Strategy and Values

Our mission to **"help people succeed"** and our values of **"Can Do, Balanced and Real"**, remain the same – as they are the foundations of everything we do. Our vision is to be the **"People's first choice non-bank"** and we aspire to help over **1 million customers**[1] by end 2029. Our pillars of **"Experience, Performance and Brand"** link our vision and mission to our strong values and culture. **Experience** captures how we seek to always deliver market leading experiences that deliver customer, partner and employee value through every interaction. **Performance** is our operating model – our focus on continuing to create and develop a high-performance operating infrastructure that drives sustainable profitability, and **Brand** is how we are known – how we will continue to build and protect our brand to drive recognition and choice. The success of Pepper Money is down to having a strong well thought through strategy, which is known and shared throughout the organisation, the capabilities to operationalise strategic initiatives, and most importantly, the team with the know-how and focus to execute and deliver results.

Our Pillars

Experience

What we will create

We will design market leading experiences that deliver customer, partner and employee value through every interaction.

Performance

How we will operate

We will build a high performance operating infrastructure that drives sustainable profitability.

Brand

How we want to be known

We will continue to build and protect our brand to drive recognition and choice.

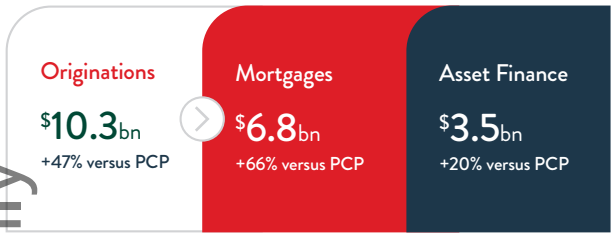
1. Cumulative number of customers from 2004 to 31 December 2029.

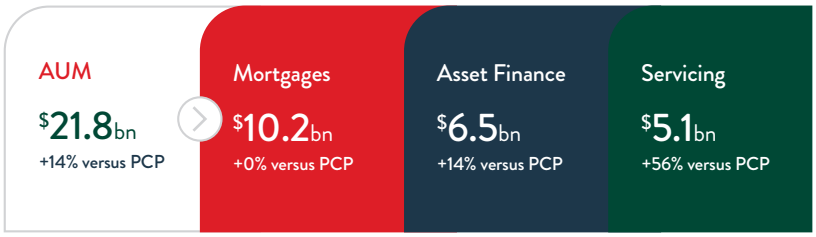
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CY2025 Performance Highlights

Strong Financial Performance

As I noted above, in CY2025 we delivered both the **highest level of Originations**, and closed with the **highest recorded AUM**, in our 25-year history. Our Mortgage business truly had a record year – with Originations of $6.8 billion representing a 66% growth on CY2024. Asset Finance likewise grew 20% versus CY2024 to close the year with Originations of $3.5 billion.

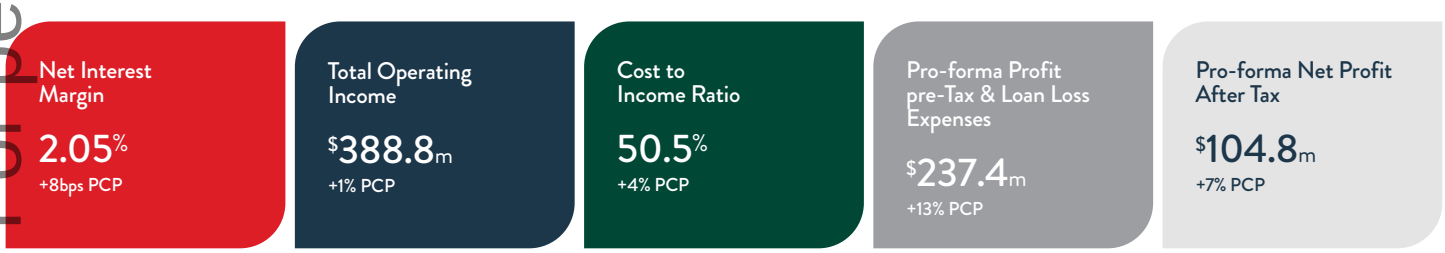




Volume growth did not come at the expense of margin – our **overall Net Interest Margin (NIM) was 2.05%** – compared to 1.97% in CY2024. I have spoken frequently about scaled platforms and processes – and how we are positioned to efficiently capture growth as it returns. We delivered strong efficiency gains over 2025:

- **Productivity** – being Originations over Settlement (average) FTE – **increased by 60% in value terms,** and **27% in volume terms,** versus PCP;
- our **disciplined cost management** resulted in an ongoing reduction in **Total Pro-forma Expenses**, which at $242.0 million improved **2% on PCP**;
- our **Cost-to-income ratio[2] of 50.5%** improved by **4% on PCP**.

Our underlying profit, being **Pro-forma Profit pre-Tax and Loan loss Expense, grew to $237.4 million, up 13%** on PCP. The growth in Originations, ongoing benefits we continue to derive from our scaled technology, and our disciplined cost management have all contributed to **Pro-forma Net Profit After Tax at $104.8 million** for the year, increasing **7% on PCP**.



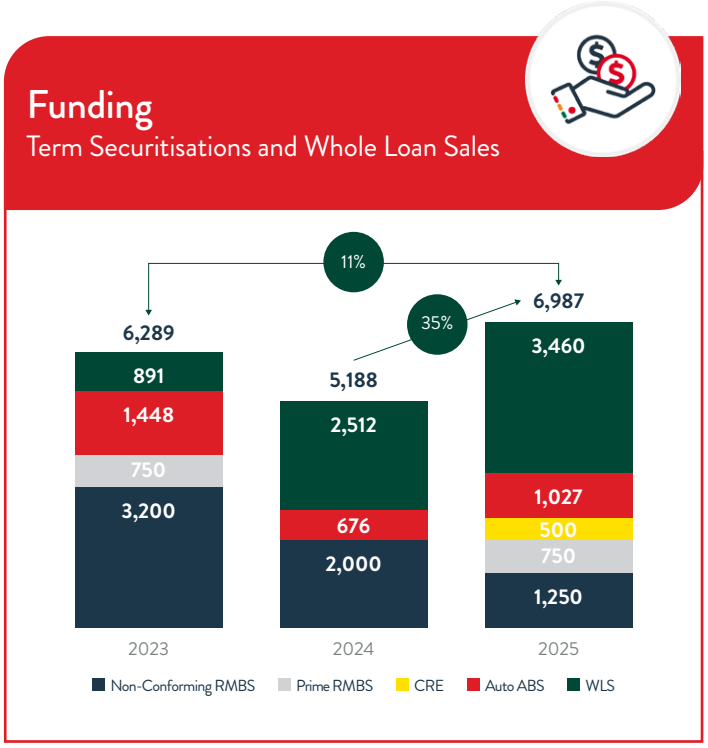
Record Funding

Our funding capabilities are one of Pepper Money's strongest core competencies. Given the record Originations achieved over CY2025, it is not surprising that we also set a new funding record – raising **$7.0 billion from Term Securitisations and Whole Loan Sales** in CY2025. This performance is an uplift of 35% versus CY2024 and exceeded our previous record year – CY2023 – where we raised $6.2 billion – by 11%.

2. Cost-to-income: Pro-forma Total Expenses divided by Total Operating Income, before Loan Loss Expense.

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We continued to **lead the market** over CY2025 – successfully executing seven **Whole Loan Sales** ("WLS"), totaling $3.5 billion. Alongside WLS we raised a further $3.5 billion from public markets – through our **Public Term Residential Mortgage-Backed Securities** ("RMBS") and **Asset Back Securities** ("ABS") Securitisation programs. We launched a new Public Term Securitisation program in CY2025 – **Pepper Commercial and Residential Securities (PCRS)** – a mix of commercial and residential mortgages, where we raised $0.5 billion from the inaugural offering. PCRS complements the existing Public Securitisation programs – PRS, Pepper Prime[3] and SPARKZ[4] – we have in market, where combined we raised $3.0 billion from three transactions over 2025 – one Non-conforming mortgage (PRS41: $1.25 billion), one Prime mortgage (Pepper Prime 2025-1: $0.75 billion) and an ABS (SPARKZ 9: $1.0 billion). Our programs continue to be supported by over 100 investors and Pepper Money is proud to say that since commencing our securitisation program in 2003, we **have called every securitisation at the first available date**.



Our Capital Management Strategy – delivering Record Dividends

In line with Pepper Money's capital management strategy, part of the cash released from Whole Loan Sales has been used to pay down debt, with the Corporate Debt Facility closing CY2025 with a drawn balance of $97.5 million, **down $27.5 million** from $125.0 million at the end of CY2024. A further **$40.0 million of the Medium-Term Note** was retired over 2025 reducing the drawn amount of the facility to $50.0 million.

Given the strength of the business performance, and the ongoing execution of our capital management strategy, we have been able to materially increase returns to our shareholders.

On 3 June 2025[5] we announced a fully franked **Special dividend of 12.5 cents per share**. Following our strong half year performance, the Board announced a CY2025 fully franked **Interim dividend[6] of 6.4 cents per share**. Given our second half results for CY2025, the Board has declared a fully franked **Final dividend of 7.8 cents per share** to be paid 16 April 2026[7]. The Final dividend represents a payout ratio of 60.0% of the **Pro-forma NPAT** from the period 1 July 2025 to 31 December 2025.

In respect to our CY2025 performance – **we have declared fully franked dividends of 26.7 cents per share, equating to $118.6[8] million** being returned to shareholders.

Delivering the X factor

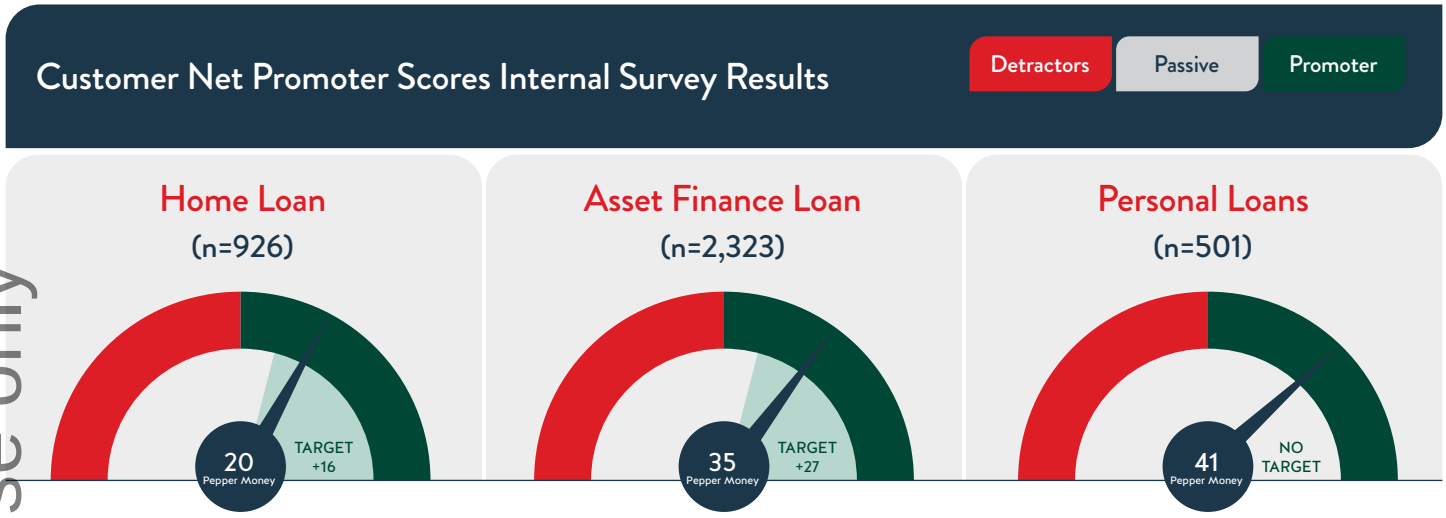
Over CY2025 we advanced our **"X factor"** initiative which we launched in CY2024, and is a business-wide effort to define and deliver consistently exceptional experiences to all our customers – by unlocking the **"X" factor**. This has seen all areas of the business working together to develop truly market-leading customer-led experiences which are built into every part of our ecosystem, for all our **customers** – our **partners**, and our **employees**. The success of the work to date is delivering results – as seen through our leading net promoter and employee engagement scores.

3. PRS and Pepper Prime – Pepper Money's Residential Mortgage-Backed Securitisation (RMBS) programs.
4. SPARKZ – Pepper Money's Asset-Backed Securitisation (ABS) program.
5. Record date for Special dividend – 11 June 2025. Paid 16 July 2025.
6. Record date for CY2025 Interim dividend – 12 September 2025. Paid 10 October 2025.
7. Record date for CY2025 Final dividend – 13 March 2026.
8. Estimate.

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Our Customers

The **X-Factor** is evident in our internal **Customer Net Promoter Scores (NPS) Survey**. Throughout CY2025, we have conducted ongoing customer surveys to guide our path toward fulfilling our vision of becoming the **People's first choice non-bank**.



Our **Home Loan NPS[9] at +20** exceeded our internal target of 16. Our mission **"to help people succeed"** is reflected in our NPS for Mortgages which was driven by trust, responsibility and value. The top three leading promoter scores being:

- Pepper Money is a company that **cares about community**.
- I can **trust** Pepper Money to follow up and do what they say.
- My loan with Pepper Money offers me good **value** for money.

Asset Finance NPS[10] at +35, was 8 points better than our target. Our NPS in Asset Finance reflects the **"ease of doing business"** with Pepper Money – which demonstrates how we have built our technology platform to deliver on **"speed to yes"**. We have also strengthened our financial advocacy commitment to our customers, and like Mortgages, we are being recognised by our **Asset Finance** customers for our duty of care. The top three leading promoter scores for Asset Finance were very similar to Mortgages:

- Pepper Money is **proactive** and keeps me up to date with clear information on my loan.
- Pepper Money gives me the **information and guidance** I need to help me manage my loan ongoing.
- Pepper Money is a company that cares about community.

We have continued to advance our vision to be **People's first choice non-bank** and we have an aspiration to help over **1 million customers**[11] by end 2029. We recognise that our values – of **Can Do, Balanced and Real** are at the centre of our brand promise.

Over CY2025 we welcomed **84,101 new customers** to Pepper Money, and ended CY2025 with having helped **614,408 customers cumulatively**[12] – placing us in a strong position to meet our aspiration of helping **1 million customers by end 2029**, and as always we remain committed to ensuring we conduct our business in accordance with high standards of corporate governance and with a view to creating and delivering value for Pepper Money's shareholders. We have a system of internal controls, risk management processes, and corporate governance policies and practices which are designed to support and promote responsible management and conduct of the business.

9. Pepper Money Home Loan survey: sample size 926 (cumulative). Score based on the question "Based on your overall experience of Pepper Money, how likely are you to recommend Pepper Money to a friend if they asked about lenders?".
10. Pepper Money Asset Finance Loan survey: sample size 2,323 (cumulative). Score based on the question "Based on your overall experience of Pepper Money, how likely are you to recommend Pepper Money to a friend if they asked about lenders?".
11. Cumulative number of customers from 2004 to 31 December 2029.
12. Cumulative number of customers from 2004 to 31 December 2025.

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Our People

It is our people – and how they embrace our values – that creates our brand promise. The strength of our employee engagement is a testament to the capability of our leaders and the culture we have built, which is underpinned by our values of **Can Do, Balanced and Real**. Our annual **Employee Engagement**[13] score remains strong at 81, a 6-point increase on prior year, with a **favourability score of 86%**, a 12% increase from the prior year. Our high **participation rate of 91%** demonstrates our employees are confident that their voice will be heard and their feedback and suggestions will lead to meaningful change.

Our **Manager Impact Survey**[14], now in its second year, delivered an **overall score of 90**, a 4 point uplift from the prior year, with a **favourability score of 92%**, a 4% increase from the prior year. These results demonstrate how our employees feel supported and well led.

Our employees continue to be recognised by the industry – partners, brokers and peers – for their exceptional performance and capabilities. Across 2025 Pepper Money, and our employees, were recognised with the following awards:

Employee Recognition 2025 Industry Awards

Award: Employee Recognition	Award Body
Top Mortgage Employer	Mortgage Professionals Australia (MPA)
Outstanding Asset Finance Customer Service	We Money
MFAA National Specialty Lender of The Year	Mortgage and Finance Association of Australia (MFAA)
Queensland Specialty Lender of The Year	MFAA
South Australia Specialty Lender of The Year	MFAA
NSW Specialty Lender of The Year	MFAA
Western Australia Specialty Lender of The Year	MFAA
Top 10 CIO in APAC – Steve Meek	APAC CIO Outlook

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Our Partners

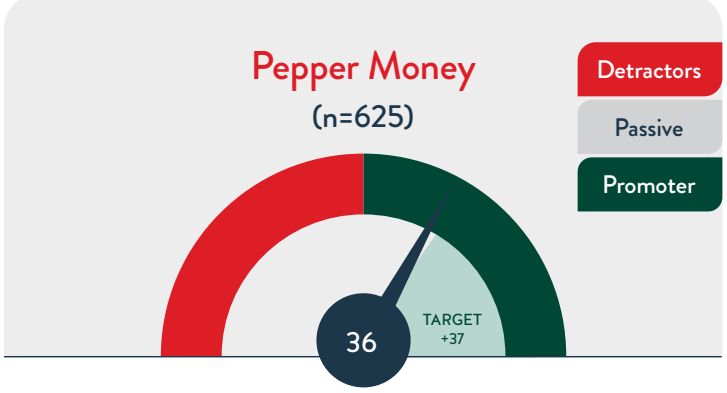
Mortgage Brokers[15]**:** our internal **Mortgage Broker NPS** score at 36 reflects the strength of relationships of our **X factor** in supporting our mortgage broker network. Our broker's rank Pepper Money highest on:

- Has industry leading BDMs providing exemplary service.
- Builds valuable long-term relationships with brokers.

while continuing to acknowledge our transparency and consistency in credit decisioning and importantly the breadth of products we offer which allows them to meet their customer needs:

- Clearly communicates lending criteria.
- Has the widest range of policy options to help more customers.
- Credit decisions are consistent and clear.

Mortgage Broker Net Promoter Scores

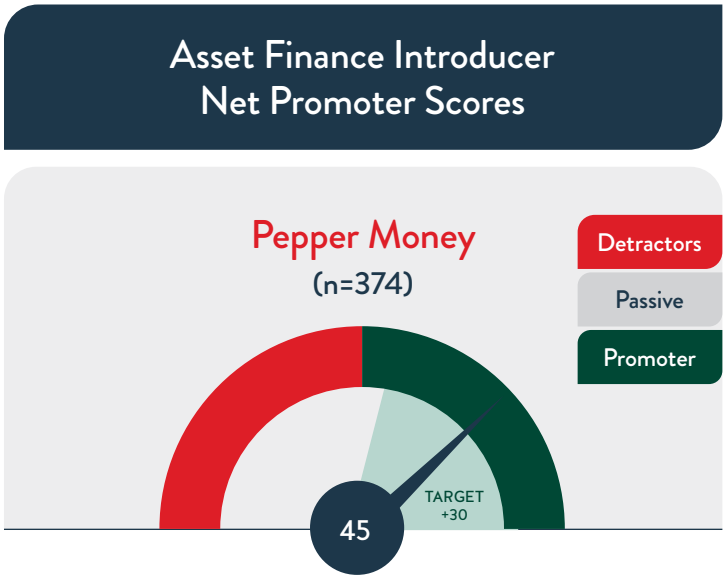


13. Annual Employee Engagement Survey conducted by VIVA Glint from 15 – 26 September 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.
14. Manager Impact Survey conducted by VIVA Glint from 16 – 27 June 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.
15. Pepper Money Mortgage Broker Survey, December 2025 - Annual Relationship result.

It is not surprising then, given these scores that Pepper Money was awarded the **MFAA National Speciality Lender Award in 2025**[16] – the 8th consecutive year – as well as taking out the award for all Australian states bar Victoria. This is a true testament to our consistent broker-first approach and the deep trust the industry has of Pepper Money. These awards are particularly meaningful as they are voted on by brokers and industry partners, and reflect Pepper Money's commitment to delivering real-life lending solutions and exceptional service.

Asset Finance Introducers[17]**: Asset Finance Introducer NPS for CY2025 at 45**, +15 points versus target, reflects our ongoing commitment to **ease of doing business** and **speed to yes**. I am proud at how highly valued the business development managers and customer service teams who support our introducer network are, and how strongly this was called out in the survey:

- Has industry leading BDMs providing exemplary service.
- Delivers fast & efficient settlements including real time settlements.
- Builds valuable long-term relationships with introducers.



Going Forward

Looking ahead to CY2026, I remain positive regarding the outlook for the Australian economy, due to its demonstrated resilience. Additionally, I anticipate continued progress in the New Zealand economy. While CY2025 saw volatility in global economies and broader geopolitical instability, Australia and New Zealand remained strong markets. Interest rates will continue to be a key focus area of economic policy – and while rate cuts in 2025, in both Australia and New Zealand, provided some respite to households, the persistence of inflation in Australia means we are facing into uncertainty as to how the Reserve Bank of Australia will respond – and rate rises, over and above the 0.25% increase in February 2026, may be necessary in order to bring inflation in line with RBA's target band of the 2–3% range (trimmed mean).

Irrespective, Pepper Money remains committed to strong execution of our strategy. We have a clear path forward – and our exceptional performance over CY2025, attests to the strength of our mission, vision and pillars for success. I am confident as we move through CY2026 that we will continue to capture more opportunities as they become available.

- We continue to identify and launch new products and policies.
- Our constant investment has delivered scaled technology and process efficiencies.
- We will gain further on-going benefits from improved customer experience and reducing our cost to serve from our AI and automated process and decisioning strategy.
- We have sufficient funding headroom available – and we continue to show how we are positioned to capitalise on growth as it returns.
- We are diversified, both in terms of the scale from our two-core lending businesses – Mortgages and Asset Finance, as well as the growth from our Loan and Other Servicing business which delivers a capital light annuity style income stream from our Whole Loan Sales strategy, and positions us to capture growth opportunities, from portfolio sales to third parties – as we saw in 2025 with the sale of the Westpac / RAMS portfolio to a Consortium with Pepper Money being appointed as the Servicer.

I would like to thank all our employees, our Board, all our partners, and our shareholders for their continuing support.



Mario Rehayem
CEO, Pepper Money
19 February 2026

16. Mortgage & Finance Association of Australia (MFAA)
17. Pepper Money Asset Finance Introducer Survey, December 2025 – Annual Relationship result.

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Executive Team



Mario Rehayem
Chief Executive Officer

See Board of Directors biographies on pages 4 to 5.



Therese McGrath
Chief Financial Officer

Joined Pepper Money in 2018 as Chief Financial Officer and is responsible for providing the leadership, financial and operational management necessary to ensure that Pepper Money delivers on its strategic goals and objectives. Therese has over 30 years of international experience across finance, strategy, and operations. Prior to joining Pepper Money, Therese held senior roles at companies including Diageo plc, Lion (Nathan), Microsoft, SAP and Australian and New Zealand Banking, as well as various executive directorships including on the Oasis Fund Management and OnePath Custodians boards.



Anthony Moir
Treasurer

Joined Pepper Money in 2021. Anthony is responsible for the leadership of Pepper Money's treasury function including the strategic direction and execution of Pepper's multicurrency funding programs. Anthony brings more than 25 years of experience in treasury and debt capital markets, previously held positions at bank and non-bank lenders including Qudos Bank, GE Capital, AMP, Commonwealth Bank of Australia and Citigroup.



Barry Saoud
Chief Executive, Mortgages and Commercial Lending

Joined Pepper Money in 2021. Barry has over 20 years' experience in the financial services industry in Sales, Product Management, Legal and Company Secretary roles. Previously, Barry held leadership and management roles at Aussie Home Loans, GE Capital, HSBC and Norton Rose Fulbright.



John Williams
General Counsel and Company Secretary

Joined Pepper Money in 2012. John advises senior management and the Board on legal matters, leads Pepper Money's legal and secretariat teams and manages the work of external legal advisors. Prior to joining Pepper Money, John worked as Legal Counsel for GE Capital and as a solicitor with Mallesons Stephen Jacques (now King & Wood Mallesons).



Ken Spellacy
Chief Executive, Asset Finance

Joined Pepper Money in 2015, Ken brings over 25 years' experience in the asset finance industry. Prior to Pepper Money, Ken held senior leadership roles across various financial institutions including Capital Finance, St. George Bank and Westpac Banking Corporation.

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Matthew Tinker
Chief Service Officer

Joined Pepper Money in 2011. Matthew is responsible for the strategic direction and operating performance of the Customer Service and Customer Solutions functions, as well as the operational responsibility for the Manila servicing division. Matthew has over 15 years of experience in financial services, specialising in operations and project management. He has previously held leadership roles at the Commonwealth Bank of Australia and Woolworths Group.



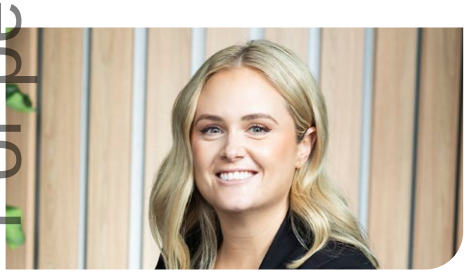
Michael Vainauskas
Chief Risk Officer

Joined Pepper Money in 2020. Michael is responsible for ensuring that the Governance, Risk, Compliance and Control Strategies and Frameworks are designed and operating effectively. Prior to Pepper Money, Michael held various senior roles at Perpetual Limited, Commonwealth Bank of Australia and Westpac Banking Corporation.



Neil Culkin
Head of Credit and Settlements – Mortgages & Commercial Lending

Joined Pepper Money in 2011, Neil has over 20 years' experience in credit provision. Neil has overall responsibility for the credit and originations function for Pepper Money's Australian and New Zealand residential and commercial mortgage products. His role oversees the underwriting, settlement and credit control of mortgage loan applications as well as being responsible for updating and implementing associated lending policies and guidelines. Prior to Pepper Money, Neil worked in various financial institutions including Members Equity, St George Bank and non-bank lender Resimac Limited.



Sarah Pikardt
Chief Marketing Officer

Joined Pepper Money in 2011, and in 2024 was appointed Pepper Money's Chief Marketing Officer. Sarah leads the marketing effort and strategic development of the Pepper Money brand with a focus on improving customer experience. Previously, Sarah managed workforce optimisation and customer loyalty programs for Synchro Marketing across the financial services, telecommunications and automotive industries.



Steven Meek
Chief Information Officer

Joined Pepper Money in 2021 and has overall responsibility for digital, technology, data, and AI. Steven brings more than 25 years' experience leveraging technology to drive business growth, operational performance, and customer experience including prior roles at Macquarie Group and Coca-Cola Amatil.



Sue Kent
Chief Human Resource Officer

Joined Pepper Money in 2009. Sue leads the human resources team for Pepper Money, providing strategic and operational initiatives to support Pepper Money's people management practice. Prior to Pepper Money, Sue held senior positions with Nestlé Australia, Philips Electronics and BHP Limited.

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Operational and Financial Review

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Record Originations

Originations

$10.3bn

+47% versus PCP[1]

Mortgages

$6.8bn

+66% versus PCP

Asset Finances

$3.5bn

+20% versus PCP

Record Total AUM

AUM

$21.8bn

+14% versus PCP

Mortgages

$10.2bn

+0% versus PCP

Asset Finances

$6.5bn

+14% versus PCP

Servicing

$5.1bn

+56% versus PCP

Total Net Interest Margin Expanded

Total AUM

2.05%

+8bps versus PCP

Mortgages

1.54%

(12)bps versus PCP

Asset Finances

2.85%

+31bps versus PCP

Continued Scaled Growth, Disciplined Cost Management

Total Pro-forma Expenses

$242.0m

+2% versus PCP

Cost to Income Ratio[2]

50.5%

improved 4% versus PCP

Settlement Productivity[3]

+27%

gain on PCP

1. PCP; prior comparable period being 1 January 2024 – 31 December 2024. 2. Cost to Income ratio: Pro-forma Total Expenses divided by Total Operating Income before Loan Loss Expense. 3. Settlement productivity: Total number of originations divided by average number of Settlement FTE.

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Record Funding

Total

$7.0bn

+35% versus PCP

Public Securitisations

$3.5bn

Whole Loan Sales

$3.5bn

Strong Profit Growth

Pro-forma Profit Pre-Tax and Loan Loss Expense

$237.4m

+13% versus PCP

Pro-forma NPAT[4]

$104.8m

+7% versus PCP

Highest Dividends to Shareholders

Final Dividend[5]

7.8cps[6]

+10% versus PCP

Total Dividend[7]

26.7cps

up 14.6 cps versus PCP

Total Dividends[8]

$118.6m

+123% versus PCP

Our People, Our Customer Our Partners

Customers

614,408

Cumulative since 2004

Employee Engagement

81

Up 6 points on 2024

Partner Engagement

36 Mortgages

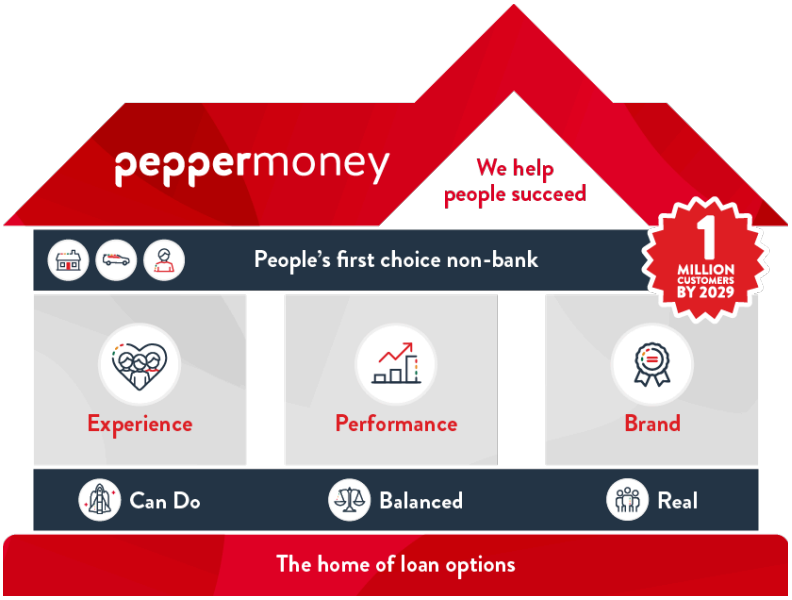
45 Asset Finance

4. NPAT: Net Profit After Tax (Pro-Forma). 5. Fully franked Final dividend of 7.8 cents per share declared being 60% of Pro-forma NPAT for 1 July – 31 December 2025. 6. cps = cents per share. 7. Fully franked Total dividend paid or payable in respect to CY2025, composed of Special dividend 12.5 cps, Interim dividend 6.4 cps and Final 7.8 cps. 8. Total dividend paid or payable in respect to CY2025.

1. Our Mission, Strategy and Pillars

Vision and Mission

Pepper Money commenced business in Australia in 2000 as a provider of home loans to people who fall outside the lending criteria of traditional bank and non-bank lenders. Over the last 25 years, Pepper Money has grown to one of the **largest non-bank lenders** in the Australian mortgage and asset finance markets with a growing presence in New Zealand mortgages, and loan servicing.



Since commencing business in 2000, Pepper Money's mission has been **"to help people succeed"** by challenging the way loans are designed, distributed, and offered in Australia and New Zealand.

Pepper Money strives to be the lender that is easy to deal with, consistent in credit decisioning and focused on helping customers and partners alike. We do this through our in-house capabilities that enable the business to develop scaled platforms and streamlined processes that remove complexity. These capabilities help support Pepper Money's vision to be the **"People's first choice non-bank"**, with an aspiration to have helped – **1 million customers** achieve their financial goal by the end of 2029, through being **"the home of loan options"**. Pepper Money is well on the way to achieving its customer, ending CY2025 with

614,408 | Customers helped since 2004[1]

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1. Cumulative customers 2004 – 31 December 2025.

Strategy is Based on Three Strategic Pillars

Our strategy is built on three pillars for success **Experience** – **Performance** – and **Brand** – that link vision and mission to the Company's strong values.

Our Pillars



Experience

What we will create

We will design market leading experiences that deliver customer, partner and employee value through every interaction.



Performance

How we will operate

We will build a high performance operating infrastructure that drives sustainable profitability.



Brand

How we want to be known

We will continue to build and protect our brand to drive recognition and choice.

Our Values

Pepper Money recognises that success comes from our people, and our values of **Can Do, Balanced** and **Real** provide the foundations to how we do business and support our customers, partners and communities.



Can do

We look for opportunities to help in a situation. We think outside the box when it comes to developing solutions for our customers, partners and our teams. We leverage the power of teamwork, take ownership of our goals, and we're known as people who deliver.



Balanced

We know how to manage the relationship between opportunity and risk. We understand how to create situations that can help set people up for success. In tough situations we work to produce a win-win outcome that's both human and profitable.



Real

We respect people and we're honest with them. If we can't help, we'll say so. We listen to feedback to understand how we need to improve. We build trust by acting with integrity, by understanding what people need and by doing what we said we'd do.

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Our Core Capabilities

Pepper Money's core capabilities, revolve around its ability to capture and analyse the **data** generated from its 25 years of customer and transactional history, and to leverage this data in identifying customer segments and developing innovative product solutions to deliver on customer needs. This is underpinned by **purpose-built technology** that supports its **distribution partners** assist the efficient distribution of its solutions.

Pepper Money's capabilities enable the business to offer integrated solutions that remove the complexity for customers, brokers and introducers, and positions Pepper Money as the lender that is easy to deal with, consistent in its **credit and underwriting** practices that focused on helping customers succeed.

Innovation has been at the core of Pepper Money since inception – this has seen the business develop and grow to offer a broad product range within its Mortgage and Asset Finance businesses that cater for a range of customer needs. Having celebrated 25 years' in helping customers – including those who do not fit the lending criteria of traditional banks – Pepper Money continues to drive sustainable growth by leveraging its **core capabilities to build complementary customer solutions** and **expand its addressable market** into new adjacencies through **business diversification**.



Delivering our Strategy

Pepper Money's strategy and outlook is structured on building sustainable **Total Assets Under Management (AUM)** at an acceptable risk-adjusted return, supported by the:

- ability to identify underserved segments in a large addressable market;
- agility to respond to market conditions;
- diversified business model – from mortgages to asset finance to loan and other servicing;
- a scalable platform;
- ongoing investment in digital tools to drive distribution;
- strong capital management;
- agility and ability to adapt to industry trends; and
- through the cycle proven experience.

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Mission

We help people succeed

Vision

We have created a broad range of solutions that deliver value to our customers

People's first choice non-bank

Pillars

We operate with three pillars for success Experience – Performance – and Brand – that link vision and mission to the Company's strong values.

Experience

What we create

Performance

How we will operate

Brand

How we want to be known

Values

Our success is possible because our values are at the heart of our brand...

Can do

Balanced

Real

Core Competencies

...and the strength of our core competencies

Credit & Underwriting Data

Data

Funding

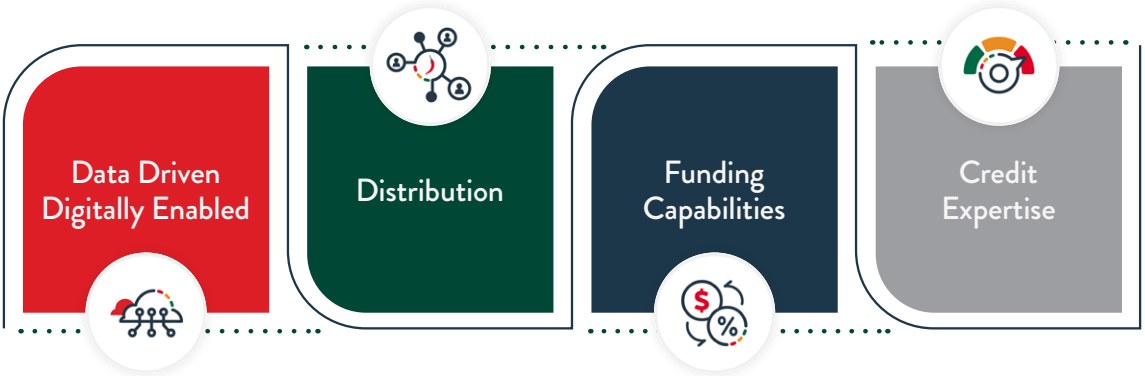
Distribution

2. Business Segment Overview

Pepper Money's Business Model

Pepper Money operates in a large addressable market, covering $2,893 billion of credit outstanding for mortgages[2], and $251 billion of credit outstanding for asset finance[3].

Pepper Money's core capabilities revolve around its ability to capture and analyse data generated from over 25 years of customer and transactional history, and to leverage this data to identify customer segments not best served by traditional lenders, develop innovative product solutions to match customer needs and to develop compelling partner and customer solutions. Pepper Money then applies its capabilities to develop and deploy technology to support distribution partners and assist the efficient distribution of its solutions while applying a disciplined approach to pricing, allowing the business to generate an acceptable risk adjusted return. This has seen Pepper Money extend and grow from a specialist lender in residential mortgages in Australia, to now be one of the largest non-bank lenders across residential mortgages, commercial real estate, asset finance and novated lease in Australia and residential mortgages in New Zealand.



Pepper Money's business model is brought together under its **X factor program** – which is a business-wide effort to define and deliver consistently exceptional experiences to all our customers – unlocking the **"X" factor**. This has seen all areas of the business working together to develop market leading customer experiences – across our people, processes and systems – and to build that experience excellence into every part of our ecosystem, for all our **customers** – our **partners**, and our **employees**.



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2. Combination of Australia and New Zealand mortgage markets at December 2025 (Total housing credit, RBA D2 Lending and credit aggregates (including owner-occupier housing credit and investor housing credit)); Housing, RBNZ C5 Sector lending (registered banks and non-bank lending institutions) December 2025 converted at an assumed exchange rate of NZD:AUD = 0.9331).
3. New household loan commitments for purchase of road vehicles, new household loan commitments, ABS 5601.0 Lending Indicators Table 27, January 2025 – December 2025 (published February 2026). Assumes market size is approximately 4x lending commitments for last 12 months. 5. New business loan commitments (small and medium size business), finance lease and fixed term, purchase of vehicles, plant and equipment, ABS 5601.0 Table 28, 30 and 32, January 2025 – December 2025 (published February 2026). Assumes market size is approximately 4x lending commitments for last 12 months. Medium size business plant and equipment lending is included but is not part of Pepper Money's addressable market.

Mortgage Business Segment

Since Pepper Money commenced its operations in 2000, the business has been focused on writing Australian residential home loans, initially targeting the Specialist segment of the market. Pepper Money broadened its product offering in Australia to include Near Prime residential home loans in 2012 and Prime residential home loans in 2014 and now has a strong presence in key segments across the Australian residential home loan market. In 2019, Pepper Money entered the New Zealand residential home loan market as well as launched Commercial Real Estate lending in Australia. In 2023, Pepper Money further extended its range of customer solutions, introducing Self Managed Super Fund ("SMSF") lending in Australia, followed by Sharia lending in the second half of 2024.



Mortgage Segment

Description	Finance residential home loans in Australia and New Zealand and small balance commercial real estate loans in Australia				
Target Segments	**Prime**	**Near Prime**	**Specialist**	**Commercial Real Estate**	**Total Mortgages**
Target Customer Segment	A home loan for customers with a clear credit history. The loans typically meet traditional ADI[4] lending criteria.	A home loan for customers who do not satisfy all aspects of the traditional ADI lending criteria and require a more flexible approach.	A home loan for customers whose circumstances have made getting a loan more challenging. Customers may have experienced a "life event" (for example, illness, divorce) that caused a short-term credit deterioration.	Australia only. Targets small balance commercial real estate <$3.5 million, maximum exposure of $7 million.	
CY2025 Originations % vs PCP	**$4.6bn** +161%	**$1.7bn** (12)%	**$0.2bn** (16)%	**$0.4bn** +56%	**$6.8bn** +66%
CY2025 AUM (close) % vs PCP	**$4.9bn** +13%	**$3.9bn** (16)%	**$0.7bn** (13)%	**$0.7bn** +56%	**$10.2bn** +0%
Distribution	**Australia**		**New Zealand**		**Total**
No. Brokers[5] % vs PCP	**24,249** +6%		**1,688** +12%		**25,937** +6%
No. Active[6] % vs PCP	**5,752** +28%		**384** +29%		**6,136** +28%
2025 Channel Mix % Originations	**Retail** 46%		**White Label** 51%		**Direct** 3%

4. ADI: authorised deposit-taking institution.
5. The number of Pepper Money accredited mortgage brokers at 31 December 2025.
6. The number of Pepper Money accredited mortgage brokers who introduced at least one application in CY2025.

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Asset Finance Business Segment

Pepper Money established its Asset Finance business in 2014, after noting that the major Australian banks were reducing credit to this sector. Pepper Money has grown its Asset Finance business through focusing on increasing the number of solutions available to customers and through building strong relationships with introducers and partners, embedded through API connect technology solutions. Pepper Money has expanded the segments in which it operates – from Consumer to Commercial and then launching Novated Lease in 2021. With Originations exceeding $3.5 billion in CY2025, Pepper Money's Asset Finance business is one of the largest asset financers in Australia.



Asset Finance Segment

Description	Lending to consumer, commercial and novated lease customers for a range of asset types (including cars, caravans, motor bikes and boats)			
Target Segments	**Tier A**	**Tier B**	**Tier C**	**Total Asset Finance**
Target Customer Segment	• Owns property • Stable employment (or stable time in business for Commercial customers) • Clear credit history • Stable residence	• Long-term renter • New to job (or new to business for Commercial customers) • Clear credit history	• Long-term renter • Unstable employment • Previous defaults • Limited credit history	
CY2025 Originations % vs PCP	$2.6bn +29%	$0.8bn +9%	$0.1bn (36)%	$3.5bn +20%
CY2025 AUM (close) % vs PCP	$4.4bn +22%	$1.7bn +6%	$0.4bn (17)%	$6.5bn +14%
Target Segments	**Consumer**	**Commercial**	**Novated Lease**	**Total Asset Finance**
CY2025 Originations % vs PCP	$0.9bn +21%	$0.9bn +19%	$1.7bn +20%	$3.5bn +20%
CY2025 AUM (close) % vs PCP	$1.9bn +9%	$2.1bn +2%	$2.4bn +34%	$6.5bn +14%
Distribution	Australia			
No. Introducers[7] % vs PCP	2,880 +2%			
No. Active[8] % vs PCP	1,629 +10%			

2025 Channel Mix % Originations	Auto Broker	Commercial Broker	Mortgage Broker	Dealer	Novated Lease	Partnership
	13%	19%	12%	9%	47%	0%

7. The number of Pepper Money Asset Finance accredited introducers at 31 December 2025.
8. The number of Pepper Money Asset Finance accredited introducers who settled at least one contract in CY2025.

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Loan and Other Servicing Segment

The Loan and Other Servicing business is the provision of independent loan servicing to the market, and includes:

- Pepper Money's Whole Loan Sales servicing program;
- servicing for non-operational owners of loan portfolios; and
- loan portfolio acquisition.

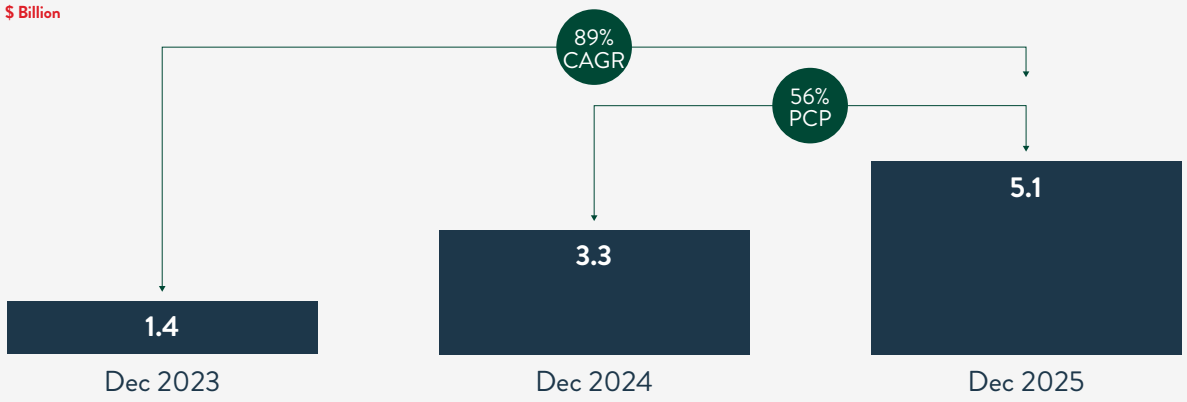
Given the ongoing strong market demand for Pepper Money's Whole Loan Sale ("WLS") program, with $3.5 billion in WLS completed over CY2025, Servicing AUM continues to grow, and closed December 2025 at $5.1 billion – up 56% versus December 2024 close.

Continuing to build the Loan and Other Servicing business, via the Whole Loan Sales program, supports Pepper Money's overall capital management strategy, as:

- it is capital light;
- it provides an annuity style income, and no incremental cost to the business given the loans are already being serviced; and
- it provides defensive earnings stream across the credit cycle.

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Loan and Other Servicing Segment

Description	Ongoing management and administration for loan portfolios owned by third parties (non-bank lenders and ADIs).		
Target Segments	Whole Loan Sales	Administration of Loan Portfolios	Loan Portfolio Acquisition
Target Products	Residential home loan servicing Asset finance loan servicing Personal loan servicing		
Servicing AUM December (close)			
Operating Income	CY2023	CY2024	CY2025
	$7.3m	$11.0m	$17.7m

3. Financial performance

For the year ended 31 December 2025

The following financial discussion and analysis is based on statutory information unless otherwise stated. The statutory information is presented in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards and is audited by the Group's auditors in accordance with Australian Auditing Standards.

Non-AASB key financial performance measures used by the Group

Certain financial measures detailed in the Directors' Report are not accounting measures within the scope of Australian Accounting Standards ("AASB"). Management use these financial metrics to evaluate the Company's overall financial performance and position and believe the presentation of these financial measures provide useful information to analysts and investors regarding the results of Pepper Money's operations. These financial performance measures include:

- Net interest margin.
- Cost to income ratio.
- Profit pre-Tax and Loan Loss Expense.

Certain other financial performance measures detailed in the Directors' Report are derived from AASB measures and are similarly used by analysts and investors to assess the Company's performance. These measures are defined in the Glossary of Terms, on pages 196 to 199.

Reconciliation of Statutory Profit to Pro-forma Profit

To reflect Pepper Money's Pro-forma earnings, Net Profit After Tax ("NPAT") has been adjusted to exclude one-off items. Management believes the disclosure of the Pro-forma NPAT provides additional insight into the underlying performance for the period, by excluding one-off, non-recurring items.

Pro-forma adjustment:

Pepper Money announced on 3 November 2025, that a consortium with members including Pepper Money and KKR (the "Consortium") has agreed to acquire the RAMS home loan portfolio (the "Portfolio") from Westpac Banking Corporation. The Portfolio comprised approximately $21.4 billion in residential mortgages at 30 September 2025. Pepper Money will be appointed as servicer of the Portfolio and will also hold a small investment in the securitisation financing vehicle, which will acquire the beneficial interest in the loan Portfolio, alongside other members of the Consortium. Subject to satisfaction of the conditions precedent, completion of the transaction is targeted for the third quarter of 2026.

The following table reconciles Pepper Money's Statutory NPAT to the unaudited Pro-forma NPAT for the year in accordance with AASB.

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Reconciliation of Statutory Profit to Pro-forma Profit

$M	CY2025 Statutory	CY2025 Pro-forma	CY2024 Pro-forma and Statutory	Change versus Pro-forma	% Change versus Pro-forma
Net interest income	335.6	**335.6**	341.4	(5.8)	(2%)
Lending fee income	68.0	**68.0**	65.6	2.4	4%
Lending expense	(30.2)	**(30.2)**	(29.5)	(0.7)	(2%)
Other operating income	106.0	**106.0**	78.4	27.6	35%
Loan losses	(90.6)	**(90.6)**	(69.3)	(21.3)	(31%)
Total operating income	**388.8**	**388.8**	**386.6**	**2.2**	**1%**
Employee benefits expense	(132.1)	**(132.1)**	(126.3)	(5.8)	(5%)
Marketing expense	(14.7)	**(14.7)**	(15.4)	0.7	4%
Technology expense	(26.4)	**(26.4)**	(24.6)	(1.8)	(7%)
Other operating expenses	(30.2)	**(29.9)**	(31.8)	1.9	6%
Depreciation and amortisation expense	(16.4)	**(16.4)**	(19.4)	3.0	16%
Corporate interest expense	(22.5)	**(22.5)**	(29.2)	6.7	23%
Total expenses	**(242.3)**	**(242.0)**	**(246.7)**	**4.7**	**2%**
Tax expense	(41.9)	**(42.0)**	(41.7)	(0.3)	(1%)
Net profit after income tax	**104.6**	**104.8**	**98.2**	**6.6**	**7%**
Equity Holders of Pepper Money Limited	104.6	**104.8**	98.8	**6.0**	**6%**
Non-controlling interest	0.0	**0.0**	(0.6)		

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Results overview

For the year ended 31 December 2025 ("CY2025"), the Group reported **Statutory Net Profit After Tax** ("NPAT") of $104.6 million, an increase of 7% on Statutory and Pro-forma NPAT for the year ended 31 December 2024 (prior comparative period – "PCP" – or "CY2024").

The Group reported **Pro-forma Net Profit after Tax** of $104.8 million, an increase of 7% versus PCP. **Net Interest Income** of $335.6 million for the period was a decrease of $(5.8) million and (2)% on PCP. This was driven in part by mix, with Prime loans in Mortgages representing a higher percent of the loan portfolio (33% of closing CY2025 versus 20% PCP), and in part by the flow through of increase in Whole Loan Sales executed, resulting in income shifting from Net Interest Income to **Other Operating Income**, which at $106.0 million increased 35% on CY2024. **Total Net Interest Margin** of 2.05% for CY2025, increased 8 basis points ("bps"), on the prior year.

Over CY2025 Pepper Money undertook a review of the models used to determine expected credit losses ("ECL"), to ensure modelling was commensurate with market practices, to embed developments in data and analytical predictability and to reflect portfolio growth, changes in borrower profile and product development and mix. This, in combination with current year portfolio movements, resulted in an increase in provisions recognised with **Loan Loss Expense** at $(90.6) million (31)% higher than PCP. The increase in Loan Loss Expense was also driven in part by the strong growth in **Asset Finance Assets Under Management** ("AUM"), up 14% on PCP to close CY2025 at $6.5 billion, and in part by the mix of Whole Loan Sales, which resulted in lower Collective provision release in CY2025 vs CY2024.

Total Operating Income increased to $388.8 million, a 1% on prior comparative period.

Disciplined cost management, and the Company's continued realisation of scale economies through the focus on technology, automation and process improvement, resulted in **Total Expenses** at $(242.0) million reducing 2% on PCP on a **Pro-forma basis**.

Pro-forma Profit pre-Tax and Loan Loss Expense for CY2025 at $237.4 million, increased 13% from PCP (CY2024: $209.2 million).

Unrestricted cash at 31 December 2025 closed at $121.8 million (31 December 2024: $124.0 million). Over CY2025, the Group paid down $27.5 million of the **Corporate Debt Facility**, to close December 2025 at $97.5 million drawn (31 December 2024: $125.0 million drawn). A further $40.0 million of the **Medium-Term Note** was retired over CY2025 reducing the drawn amount of the facility to $50.0 million. The Company paid a **Special dividend** of $55.5 million on 16 July 2025, and over the course of CY2025 paid **Ordinary dividends** of $59.9 million, bringing **Total dividends** paid in the year to $115.4 million.

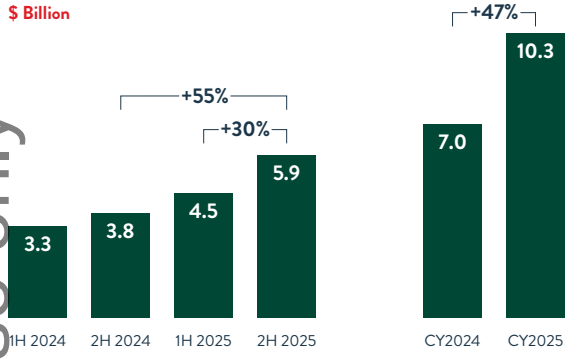
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Financial performance and key driver analysis

Originations

Total

CY2025: **$10.3** billion



Full year

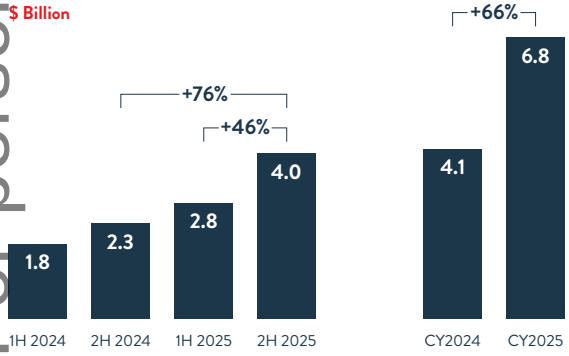
Total Originations increased to $10.3 billion for CY2025 – a growth of 47% on PCP. Full year Originations mix reflects the underlying strength of the Mortgage business which contributed 66% of Total Originations, up from 58% in CY2024.

Half on half

Originations growth has been increasing each half. In 2H 2025, Total Originations increased by 30% compared to 1H 2025, and by 55% compared to 2H 2024.

Mortgages

CY2025: **$6.8** billion



Full year

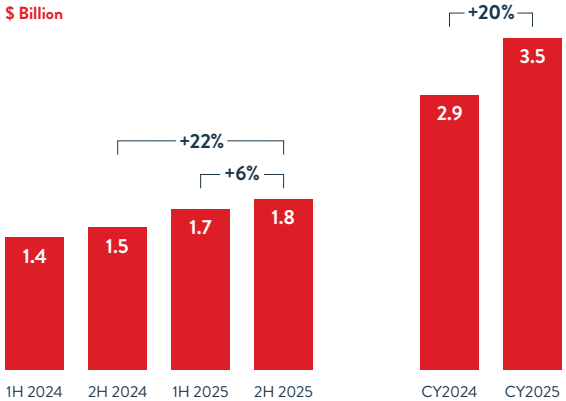
Mortgages delivered record Originations in CY2025, closing at $6.8 billion – an increase of 66% on PCP. Prime Originations, inclusive of Commercial Real Estate ("CRE"), were $4.9 billion, an increase of 148% on PCP. Non-conforming Originations at $1.9 billion were down (12)% on PCP.

Half on half

The Mortgage business delivered record half Originations in 2H 2025 – which at $4.0 billion grew 46% on 1H 2025 and 76% on 2H 2024. Growth was strongest from Prime, which contributed 74% of Originations, up from 70% in the first half and versus 55% in 2H 2024.

Asset Finance

CY2025: **$3.5** billion



Full year

Asset Finance closed CY2025 having grown Originations by 20% on PCP to $3.5 billion. Novated Lease contributed 47% of the segment Originations over CY2025, with Commercial contributing 26% and Consumer 27%. Growth continued to be highest from Tier A which accounted for 74% of Asset Finance Origination in CY2025, with Tier B at 23% and Tier C at 3% (CY2024: 69%, 25% and 6% respectively).

Half on half

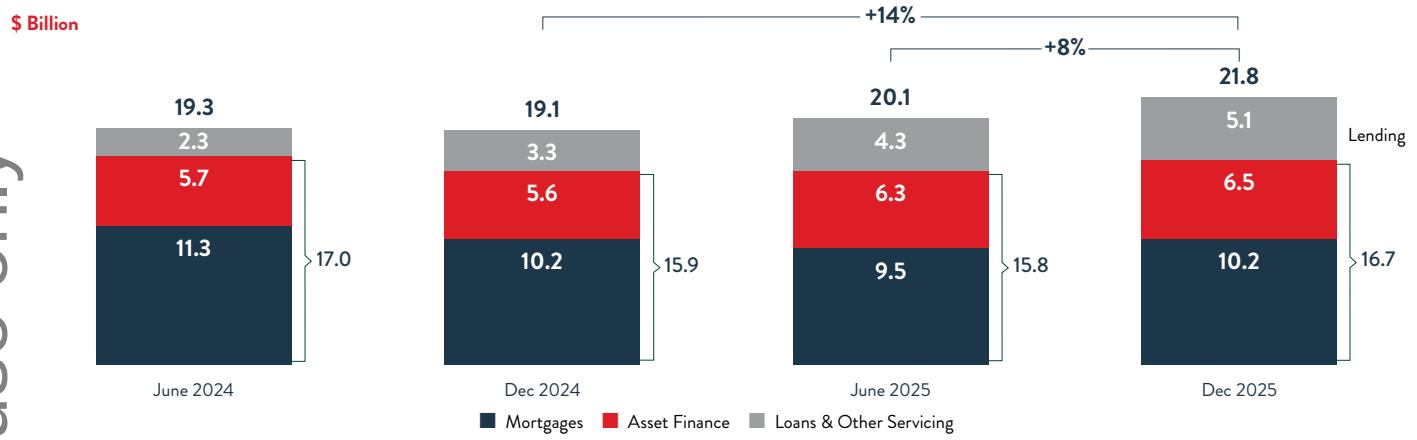
In total, Asset Finance Originations increased 6% over 1H 2025 – with Tier A borrowers accounting for 74% of 2H 2025 Originations, Tier B 23% and Tier C 3%. Versus 2H 2024, Asset Finance Originations increased 22% to $1.8 billion. Novated Lease 2H 2025 Originations increased 17% over this period, Commercial increased 31% and Consumer 21%.

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Assets Under Management

By Business Segment

CY2025: **$21.8** billion



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December 2025 versus prior period closing

Pepper Money achieved record AUM in CY2025, closing December at $21.8 billion in total.

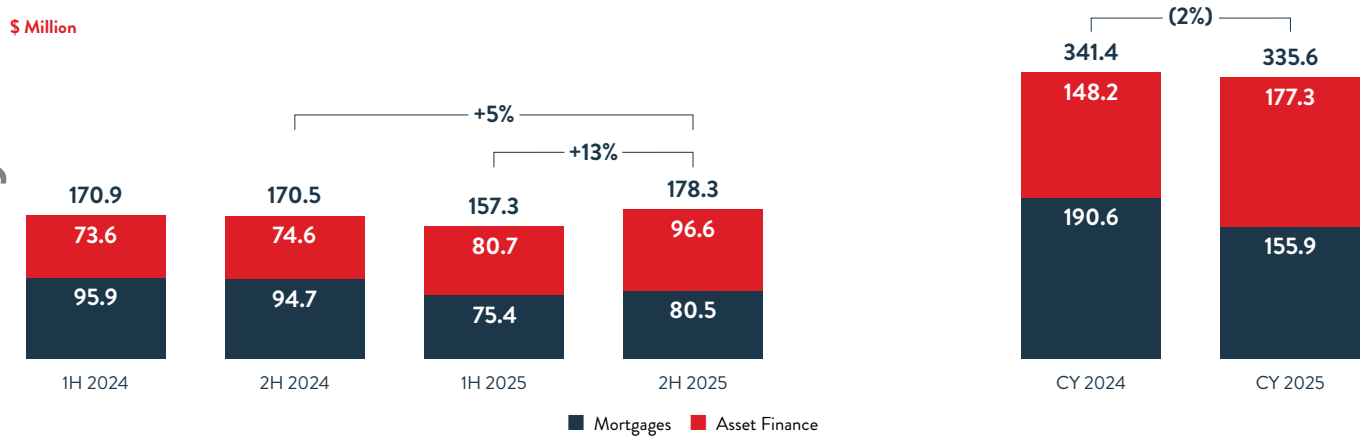
Lending AUM closed at $16.7 billion, up from $15.8 billion at 30 June 2025, and increased $0.8 billion on December 2024 close:

- **Mortgages Lending AUM:**
  - Net of Whole Loan Sales executed over CY2025, AUM closed at December 2025 at $10.2 billion, up 8% on June 2025, and in line with December 2024, driven by the strong Originations growth delivered over the year.
  - Over CY2025, Mortgage WLS totalling $3.0 billion were executed (CY2024: $1.5 billion), $1.7 billion over the first half of 2025 and $1.3 billion over 2H 2025. On execution of the WLS, AUM is transferred to the Loan and Other Servicing business segment ("Servicing AUM").
  - AUM composition closed the period at 54% Prime and 46% Non-conforming (31 December 2024: 46% and 54%, respectively).
- **Asset Finance Lending AUM:**
  - Net of WLS executed over CY2025, AUM closed at December 2025 at $6.5 billion, up 2% on June 2025, and 14% higher on December 2024, given the 20% growth in Originations year on year.
  - One Asset Finance WLS for $0.5 billion was executed in the second half of 2025 (CY2024: $1.0 billion), with the AUM transferring to Servicing AUM.
  - AUM composition closed the period at 37% Novated Lease, 33% Commercial and 30% Consumer. Tier A borrowers accounted for 68% of 2025 closing AUM, up from 64% at 31 December 2024.
- **Loan and Other Servicing AUM:**
  - Servicing AUM closed 31 December 2025 at $5.1 billion, a growth of 17% on 30 June 2025, and up $1.7 billion, +56%, versus December 2024. Servicing AUM growth in CY2025 followed the increase in Whole Loan Sales, which totalled $3.5 billion for the year (CY2024: $2.5 billion), net of customer attrition. Servicing AUM has the benefit of being capital light and generates a high EBITDA margin as there is no incremental cost to the business given the loans are already being serviced.

Net Interest

Net Interest Income[9]

CY2025: **$335.6** million



Full year

Total Net Interest Income for CY2025 at $335.6 million was only (2)% below CY2024 driven in part by higher WLS in CY2025, as Lending AUM and income is transferred to Servicing, and in part by product mix given accelerated growth in lower yield products:

- Prime Mortgages closed the year accounting for 33% of Total Lending AUM, up from 30% at December 2024.
- Asset Finance – Novated Lease accounted for 14% of Total Lending AUM at the end of CY2025, up from 11% at December 2024.

Mortgage Net Interest Income at $155.9 million was (18)% below CY2024, given lower contribution from the acquired HSBC New Zealand book, a closed portfolio in run off, product mix skewed to Prime, and the increase in WLS executed over the year (CY2025: $3.0 billion, CY2024: $1.5 billion) – transferring AUM and income to the Loan and Other Servicing Segment.

Asset Finance Net Interest Income for CY2025 increased 20% year on year to $177.3 million, as AUM closed the year up 14% following the growth in Originations coupled with lower WLS in CY2025 ($0.5 billion vs $1.0 billion PCP).

Half on half

Total Net Interest Income for 2H 2025 at $178.3 million increased 13% on 1H 2025 and 5% on 2H 2024, with growth in Originations and Lending AUM offsetting the impact of WLS.

Mortgages Net Interest Income of $80.5 million increased by $5.2 million, or 7%, on 1H 2025 given strong Originations and Lending AUM, and lower WLS ($1.3 billion versus $1.7 billion in 1H 2025). Versus 2H 2024, Mortgages Net Interest Income declined by (15)% driven by AUM mix and WLS growth, as well as lower contribution from the HSBC New Zealand book.

Asset Finance Net Interest Income was $96.6 million in 2H 2025, up 20% on 1H 2025, with Originations and AUM growth offsetting the impact from the WLS of $0.5 billion executed. Versus 2H 2024, Asset Finance Net Interest Income improved by 30%.

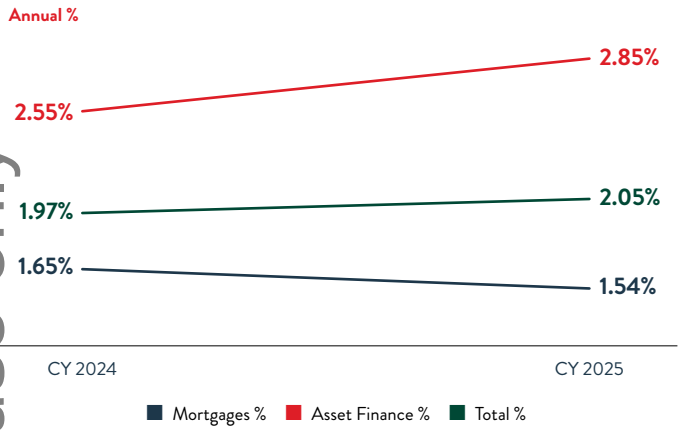
9. Loan and Other Servicing and Corporate Net Interest Income is not shown in the chart, but included in the Total.

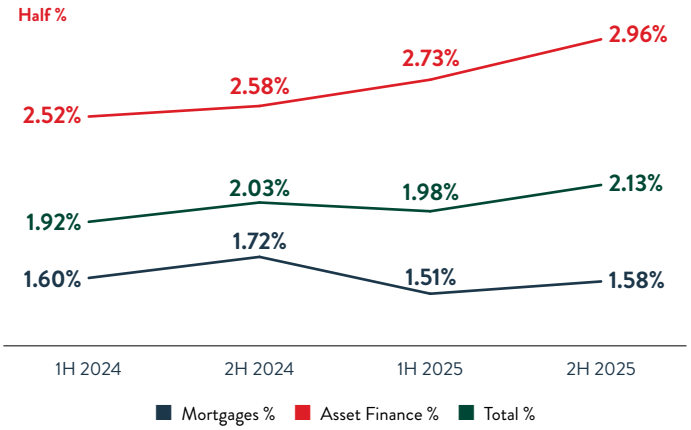
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Net Interest

Net Interest Margin (NIM %)

CY2025: 2.05%





Full year

Total NIM increased by 8 bps in CY2025, from 1.97% in CY2024 to 2.05%, driven by improved margins from Asset Finance.

Mortgages NIM for the year at 1.54% was (12) bps down on CY2024, driven by product mix skewed to Prime, and the increase in, and mix of, WLS executed over the year.

Asset Finance NIM at 2.85% for CY2025 gained 31 bps on CY2024. The significant increase in NIM was driven by the positive impact of pricing strategies on customer rates, coupled with improved funding margins and swap rates.

Half on half

Total NIM for 2H 2025 of 2.13% increased 15 bps on 1H 2025, and 10 bps on 2H 2024 following improved margins and mix contribution from strong Asset Finance performance.

Mortgages NIM for 2H 2025 of 1.58% increased 7 bps over 1H 2025, in part due to improved funding margins and in part through lower WLS. Versus 2H 2024, Mortgages NIM decreased (14) bps driven by the increased contribution of Prime to overall Mortgage AUM and WLS growth.

Asset Finance NIM for the second half of 2025 of 2.96% increased 22 bps on 1H 2025 and 38 bps on the second half of 2024, benefitting over the periods from improved funding margins and swap rates, as well as customer rates (pricing initiatives).

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Credit Performance

Loan Loss Provisions

Coverage ratio: **0.83%**

As at:	AUM ($Bn)	Collective ($M)	Specific ($M)	Total ($M)	Coverage Ratio (%)
31 December 2025					
Mortgages	**10.2**	**14.7**	**3.7**	**18.4**	**0.18%**
Asset Finance	**6.5**	**82.7**	**37.5**	**120.2**	**1.86%**
Total	**16.7**	**97.4**	**41.2**	**138.6**	**0.83%**
30 June 2025					
Mortgages	9.5	13.7	3.1	16.8	0.18%
Asset Finance	6.3	68.7	39.2	107.9	1.71%
Total	**15.8**	**82.4**	**42.3**	**124.7**	**0.79%**
31 December 2024					
Mortgages	10.2	19.0	2.2	21.2	0.21%
Asset Finance	5.6	58.3	37.4	95.7	1.70%
Total	**15.9**	**77.3**	**39.6**	**116.9**	**0.74%**

Total Loan Loss provisions at $138.6 million increased by $13.9 million, 11%, versus June 2025 close and by $21.7 million, 19% versus December 2024. **Coverage ratio** increased to 0.83% of Lending AUM at year end close, up from 0.79% June 2025 and from 0.74% December 2024.

Mortgage Loan Loss provisions increased by $1.6 million versus 1H 2025. Over this period Mortgage Lending AUM increased 8%, supporting the increase in Collective. Versus December 2024, Mortgage Collective provisions decreased by $(4.3) million given provision releases following the execution of Whole Loan Sales over the year to 30 June 2025 and a product mix shift towards Prime lending. Specific provision increased over June 2025 by $0.6 million in line with normal portfolio movement. Post Model Overlay of $2.0 million is held, within Collective against Mortgages.

Asset Finance Loan Loss provision increased by $12.3 million in total versus 1H 2025 and by $24.5 million versus December 2024. Specific provisions reduced by $(1.7) million 2H 2025 vs 1H 2025 and in line with 2H 2024. The increase was driven by Collective, with key movements attributable to:

- growth in Asset Finance Lending AUM;
- model recalibration: a review of the models used to determine ECL, was undertaken through CY2025, to ensure modelling was commensurate with market practices, to embed improved data and analytical predictability and to reflect portfolio growth, changes in borrower profile, product development and mix. In combination with current year portfolio movements, this resulted in an increase in provisions recognised.

A Post Model Overlay of $2.8 million continues to be held, within Collective, against Asset Finance.

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Credit Performance

Loan Loss Expense

Loan loss expense $M	CY2024	CY2025	$ Var PCP	% vs PCP
Total				
Specific	(72.9)	**(70.6)**	2.3	3%
Collective	3.6	**(20.0)**	(23.6)	Lge
Total loan loss expense	**(69.3)**	**(90.6)**	**(21.3)**	**(31%)**
Mortgages				
Specific	(4.2)	**(4.5)**	(0.3)	-6%
Collective	10.0	**4.3**	(5.7)	57%
Mortgage expense	**5.8**	**(0.2)**	**(6.0)**	**103%**
Asset Finance				
Specific	(68.7)	**(66.1)**	2.6	4%
Collective	(6.4)	**(24.3)**	(17.9)	Lge
Asset Finance expense	**(75.1)**	**(90.4)**	**(15.3)**	**(20%)**

Total Loan Losses Expense in CY2025 closed at $(90.6) million an increase of $(21.3) million on PCP.

Mortgage Loan Loss Expense increased by $(6.0) million versus CY2024. In both years, the movement in Collective Loan Loss Expense in Mortgages was a release of provision. Collective increased by $(5.7) million on PCP, as the provision release from Whole Loan Sales was partially offset growth of Originations and AUM. Specific increased by $(0.3) million reflecting normal portfolio movement.

Asset Finance Loan Loss Expense at $(90.4) million increased by $(15.3) million on PCP. Key drivers of increased Loan Loss Expense were:

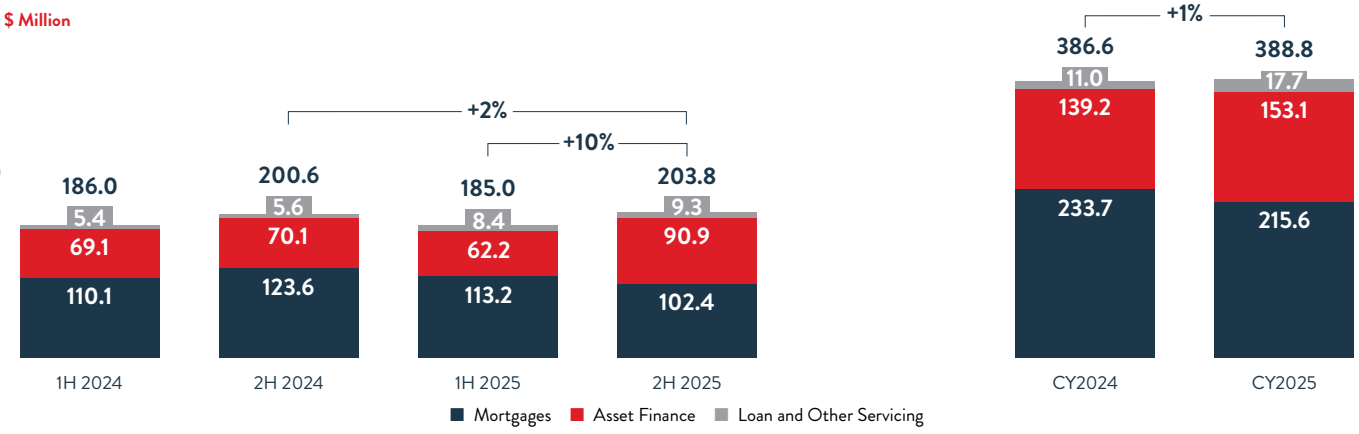
- increase in AUM which grew by +14% year on year;
- model recalibration;
- significantly lower provision release from Whole Loan Sales. Whole Loan Sale in CY2025 amounted to $0.5 billion Whole Loan in 2H 2025 versus $1.0 billion in CY2024;
- increase in Collective was partially offset by lower Specific as late-stage arrears continue to improve following the spike in insolvencies experienced in late 2023 and 1H 2024.

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Operating Income

Total Operating Income[10]

CY2025: **$388.8** million



Full year

CY2025 **Total Operating Income** at $388.8 million increased 1% on PCP.

Mortgage Operating Income for CY2025 decreased by $(18.1) million on CY2024 to $215.6 million, with lower Net Interest Income from the lower contribution from the HSBC New Zealand book, changed product mix and the increase in WLS executed, only partially offset by higher gains on sale from WLS.

Asset Finance Operating Income at $153.1 million for CY2025 increased by 10% on PCP. Higher Net Interest Income of $29.2 million and higher gains on sale from the WLS executed was partially offset by increase in Loan Loss Expense.

Loan and Other Servicing Operating Income for CY2025 increased 61%, or $6.7 million, on PCP as the flow through of WLS delivers capital light service income growth.

Half on half

2H 2025 **Total Operating Income** at $203.8 million grew by 10% on 1H 2025, and 2% on 2H 2024.

Mortgage Operating Income over the second half of 2025 decreased by $10.7 million on 1H 2025 to $102.4 million. WLS gains were offset by the mix impact from growth in Prime. Versus 2H 2024, Mortgage Operating Income declined (17)%, in line with product mix change net of WLS gains.

Asset Finance Operating Income at $90.9 million for 2H 2025 increased by $28.7 million, or 46%, on 1H 2025, with a material increase in Net Interest Income, given funding and price benefits, and the increase in gain on sale from the $0.5 billion WLS executed in November 2025 (no WLS was executed over the first half of 2025). Versus 2H 2024, Asset Finance Operating Income increased 30%, or $20.9 million, with the increases in Net Interest Income and WLS gains offsetting the increased Loan Loss Expense.

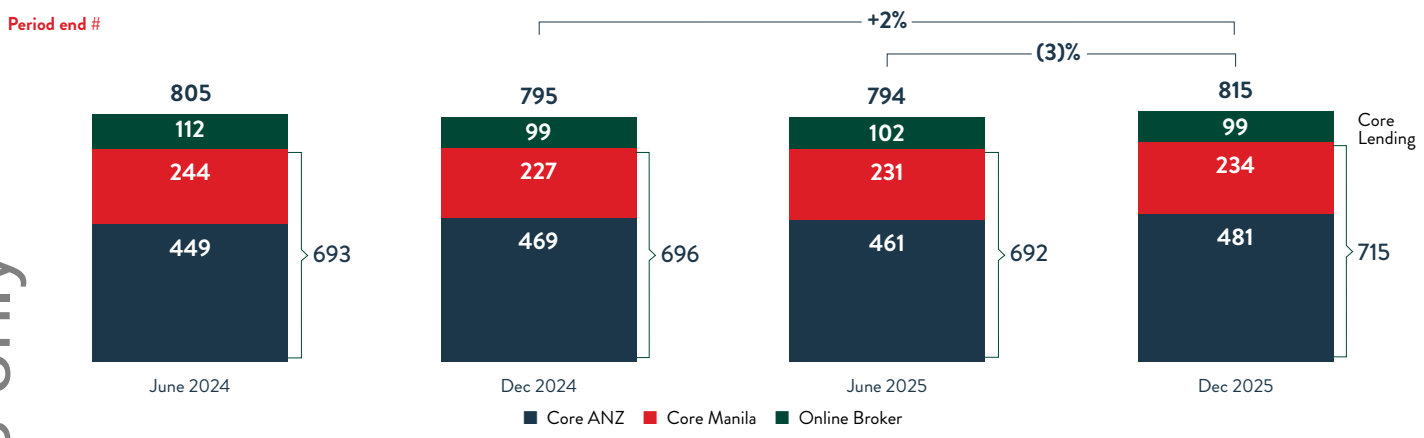
Loan and Other Servicing Operating Income for 2H 2025 increased 10% on 1H 2025 and 65% on 2H 2024, reflecting the flow through of Whole Loan Sale net of borrower attrition.

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10. Corporate Total Operating Income is not shown in the chart but included in the Total.

Expense Management

FTE (period end)



December 2025 versus prior period closing

Versus June 2025: Core FTE increased by (3)% on June 2025. This increase was driven by an uplift in Sales and Credit FTE, which increased by (6)% on June 2025, given the 30% growth in Originations over the same corresponding period. Excluding the uplift in Sales and Credit FTE, Core FTE were largely flat period on period.

Versus December 2024: Sales and Credit FTE increased (9)% on December 2024 – in support of the 47% increase in Originations CY2025 vs CY2024. Adjusting for the increase in Sales and Credit FTE, total FTE was flat December on December, and Core FTE reduced by 3% over the same corresponding period.

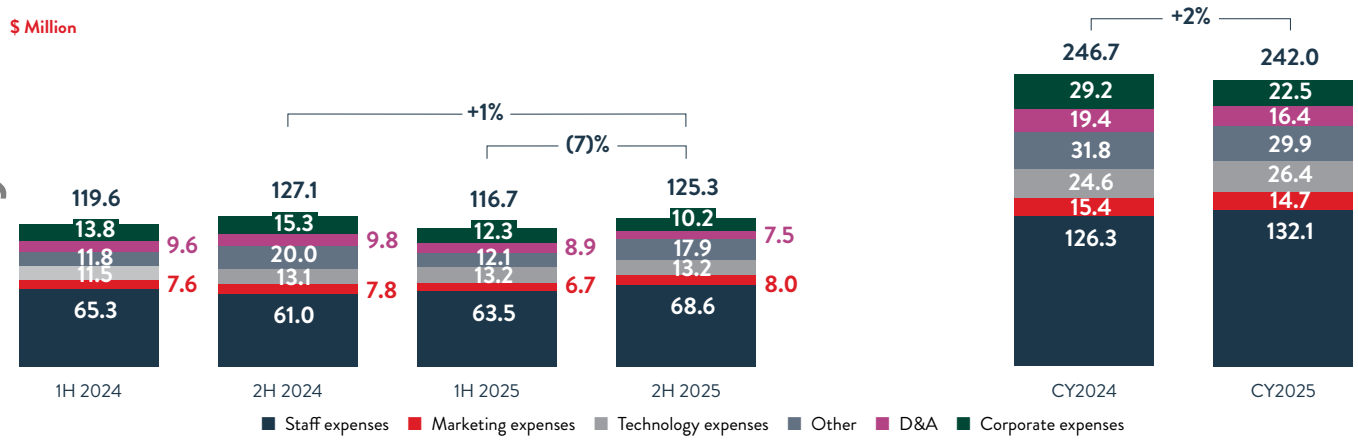
FTE efficiencies continued to be derived through the ongoing increase of automation, given scaled technology, and through the targeted application of AI.

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Expense Management

Total Pro-forma Expenses

Cost to Income ratio: **50.5%**



Full year

On a Pro-forma basis, **Total Expenses** of $242.0 million for CY2025 decreased by $4.7 million, 2% on PCP. **Cost to Income ratio** improved 4% on CY2024, to end CY2025 at 50.5%. Ongoing benefits continued to be derived given disciplined cost management, leverage of scaled technology, automation of processes and targeted application of AI.

- **Employee benefit expense** increased (5)% versus CY2024 reflecting higher Sales / Credit FTE given Originations growth, and underlying salary and wage inflation.
- **Marketing expense** decreased by 4% year on year given the initial phase of the new sponsorship arrangement, which was reported in 2H 2024.
- **Technology expense** increased by (7)% over CY2024, as expenses shift in part to operating from capitalised. This has resulted in Depreciation and amortisation declining 16% over the period.
- **Corporate interest expense** declined by $6.7 million following the repayment of $27.5 million of the Corporate Debt Facility in February 2025 and improved BBSY.
- All **Other expenses**, including impairment, general and admin, decreased by 6% year on year.

Half on half

Total Pro-forma Expenses for **2H 2025** of $125.3 increased by $(8.6) million, or (7)%, on 1H 2025. Typically, second half expenses are higher than first half. The main drivers of expense movement being:

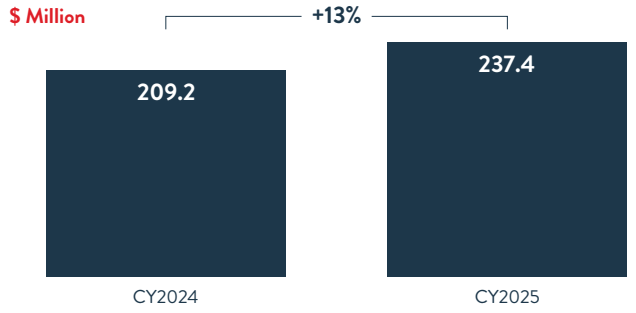
- **Employee benefit expense** increased $(5.1) million in 2H 2025 versus 1H 2025 given the increase in higher Sales / Credit FTE supporting Originations growth.
- **Marketing expense** increased $(1.3) million in the second half 2025 on first half, driven by the timing of marketing programs.
- All **Other expenses**, including impairment, general and admin, increased $(5.8) million period on period, driven by the timing of corporate and legal expenses.
- The above increases were largely offset by reductions across all other expense lines.

Total Pro-forma Expenses for **2H 2025** of $125.3 decreased by $1.8 million, or 1%, on 2H 2024.

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Profitability

Pro-forma Profit pre-Tax and Loan Loss Expense

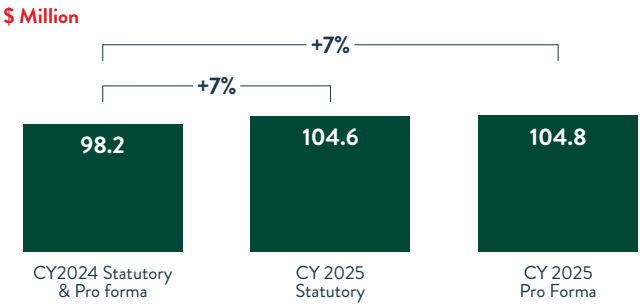


Pro-forma Profit pre-Tax and Loan Loss Expense increased by 13% year on year to $237.4 million.

Total Operating Income before Loan Loss Expense increased by $23.5 million (+5%) on PCP, given higher Originations and Total AUM, portfolio mix and gains on sale delivered from increase in WLS volumes executed over CY2025.

Total Pro-forma Expenses reduced on PCP by $4.7 million (+2%) as the Company continues to derive ongoing cost efficiencies through scaled technology platforms and automation coupled with disciplined cost management.

Statutory and Pro Forma NPAT



Net Profit After Tax, on a **Statutory** basis, closed the year at $104.6 million, up 7%.

On a **Pro-forma** basis, **Net Profit After Tax** was $104.8 million for the year, increasing 7% on PCP.

Shareholder Returns

Special dividend	2025 Interim dividend	2025 Final dividend	CY2025 Dividends paid or payable
12.5 cents per share	6.4 cents per share Up 28% on 2024 Interim	7.8 cents per share Up 11% on 2024 Final	26.7 cents per share Up 120% on 2024 declared
$55.5m Paid 16 July 2025	$28.4m Paid 10 October 2025	$34.7m Payable 16 April 2026	$118.6m Declared
	60% payout ratio[11]	60% payout ratio[12]	16.1% Annualised Yield[13] Up 81% on 2024 declared

For CY2025 the Board has declared a **fully franked Final dividend of 7.8 cents per share** to be paid 16 April 2026.

The Final dividend represents **a payout ratio of 60.0% of the Pro-forma NPAT** from the period 1 July 2025 to 31 December 2025, the upper end of the dividend payout ratio of 30 – 60.0% set under the existing Board Dividend Policy[14]. Ongoing capital management delivered strong returns to shareholders.

On a full year basis and including the Special dividend of 12.5 cents per share and the CY2025 Interim dividend of 6.4 cents per share, **26.7 cents per share in fully franked dividends** have been returned to shareholders, representing an **annualised yield of 16.1%**.

11. Payout ratio – of the Pro-forma NPAT from the period 1 January 2025 to 30 June 2025.
12. Payout ratio – of the Pro-forma NPAT from the period 1 July 2025 to 31 December 2025.
13. Annualisd yield based on 12 month volume weighted average price (VWAP).
14. Refer Pepper Money Limited Annual Report 2023, page 42, and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181.

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4. Environmental, Social and Governance

Australian Sustainability Reporting Standard – AASB S2 – *Climate-related Disclosures*

In line with the introduction of the Australian Sustainability Reporting Standard – AASB S2 *Climate-related Disclosures*, Pepper Money, as a Group 1 Reporting Entity, has commenced mandatory climate-related reporting from 1 January 2025. Pepper Money's Sustainability Report (AASB S2) is on pages 92 to 122.

Our Commitment to Sustainability

Pepper Money is committed to creating a positive impact for our customers, partners, shareholders, employees and the communities we serve. The integration of **Environmental, Social and Governance** ("ESG") principles into our strategy, risk management and business practices continues to be a key focus for the Company.

Our approach to ESG reflects our mission to **"help people succeed"** as we prioritise the needs of all key stakeholder groups, to seek positive outcomes. As a leading non-bank lender in Australia and New Zealand, we provide a diverse range of customer solutions, including residential home loans, SMSF mortgages, asset finance, commercial real estate loans, novated leases and loan servicing.

ESG is embedded in our strategy and purpose. Strong corporate governance and responsible lending are essential to managing ESG risks and opportunities while achieving our strategic goals. Delivering on these commitments requires ongoing development of our core capabilities, supported by our dedication to delivering the best outcomes for every stakeholder. Our mission, values, and expertise work together to reinforce our strong position in the industry.

Pepper Money's ESG – Stakeholders



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ESG Governance Framework

Pepper Money has always recognised the need to embed strong governance throughout the business, and to ensure we lend responsibly. These principles are fundamental to the Company's ability to achieve our strategy and deliver on our mission.

Our approach to governance is underpinned by the **ASX Corporate Governance Principles and Recommendations** which promote value creation for our shareholders and support our people, customers and communities in our mission to **"help people succeed"**. Pepper Money's **Corporate Governance Statement 2025** can be found at: www.peppermoney.com.au/about/.

Effective 1 January 2025, AASB S2 *Climate-related Disclosures* became mandatory for entities meeting specific thresholds, such as Pepper Money. This Standard requires reporting across the four pillars identified, namely:

1. Governance.
2. Strategy.
3. Risk management, and
4. Metrics and targets.

Under Governance, Pepper Money is required to disclose how the Board:

- ensures Directors have the necessary climate expertise;
- oversees climate risks and opportunities, and;
- integrates these considerations into internal controls, risk frameworks, and monitoring processes.

These obligations aim to embed climate governance at the highest level of decision-making and operational management.

Pepper Money has approached climate-related reporting as a strategic opportunity to demonstrate the value and the resilience of the Company and is committed to being a responsible and sustainable business that supports our people, customers and communities.

Pepper Money has established a strong governance framework to support and embed our commitment to ESG across the organisation, with ultimate oversight and responsibility vested with the Board.

An overview of Pepper Money's approach to ESG governance and roles and responsibilities across the organisation, to support the achievement of our ESG strategy and objectives, are detailed below as follows:



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Pepper Money ESG – Organisational Roles and Responsibilities:

	Governance	Programs	People & Process	Technology & Data	Change Management
Board	• Oversight, review and approval of the ESG vision and strategy, objectives and performance, including ESG targets.	• Prioritise ESG program initiatives as key value drivers.	• Set remuneration targets linked to ESG initiatives and considerations.	• Awareness of investments in ESG technology. • Oversight of data governance.	• ESG tone from the top.
Executives	• Set the overall ESG vision and strategic priorities. • Ensure accountability and oversight over the ESG Framework.	• Approve key ESG programs and initiatives. • Allocate required resourcing for ESG activities across functions.	• Lead by example in embedding ESG values. • Promote a culture of ESG.	• Approve investments in ESG technology and data systems. • Ensure robust data governance for ESG reporting.	• Drive organisational commitment to ESG. • Act as champions for transformational change across the business.
ESG Working Group (Organisation cross-functional team)	• Set ESG strategy and governance standards. • Monitor progress across functions	• Design and coordinate overarching ESG programs. • Develop metrics for ESG performance tracking.	• Establish ESG training and communications for employees. • Guide each function in adopting ESG practices. • Facilitate cross-functional ESG initiatives.	• Oversee ESG data analytics and tracking systems. • Ensure data accuracy and transparency across ESG reporting.	• Monitor change impact and adaptation across teams. • Adjust strategies based on feedback.
Mortgages / Asset Finance	• Oversee ESG guidelines for lending policies and decision-making. • Implement ESG risk assessments.	• Develop ESG lending programs. • Assess portfolio alignment with ESG goals.	• Train staff on ESG principles for lending. • Implement ESG screening in lending processes.	• Use available ESG risk assessment tools for portfolio management and credit assessment. • Collect and analyse data on loan impacts to support ESG metrics.	• Adapt lending policies to align with ESG strategy.
Treasury	• Oversee ESG-related funding programs.	• Explore ESG funding opportunities and initiatives.	• Increase awareness of Pepper Money's ESG initiatives.	• Provide any specific data requirements for funders.	• Adapt funding and investment strategy / policies.

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	Governance	Programs	People & Process	Technology & Data	Change Management
Human Resources	• Support governance through policies on diversity, equity, and inclusion (DEI), employee well-being, and conduct. • Ensure compliance with Workplace Gender Equality Agency (WGEA). • Compliance with physical security and Workplace Health and Safety (WHS).	• Develop programs for DEI, employee wellness, and social responsibility. • Promote a sustainable work culture. • Develop committee action plans. • Legislative updates and education.	• Lead ESG-related training programs. • Integrate ESG in recruitment and performance management. • Learning through education internal compliance training and learning (Safetrac and Learning@pepper).	• Facilitate access to ESG e-learning and training platforms. • Track employee engagement and ESG data and insights.	• Drive cultural shifts toward sustainability. • Facilitate change in employee behaviour, through education and communications. • Equip leaders with the skills to take ownership and have a positive impact on ESG.
Investor Relations	• Develop and communicate ESG public statements.				
Marketing & Brand / Corporate Development	• Develop and communicate ESG brand and public statements.	• Lead awareness and external engagement initiatives. • Develop campaigns promoting ESG goals.	• Support ESG training and communications for employees. • Define external communication protocols.	• Work with Technology to manage ESG-related data for accurate external reporting. • Use data insights to enhance customer engagement strategies.	• Coordinate ESG messaging in internal and external channels. • Support change initiatives.
Legal / Risk and Compliance	• Ensure governance frameworks include ESG compliance. • Address ESG risks in corporate governance.	• Advise on ESG-related policies, particularly risk and compliance. • Monitor and report on ESG risks.	• Embed ESG standards in risk management processes. • Update risk training to include ESG criteria.	• Support compliance tracking systems for ESG reporting. • Manage data for ESG-related risk assessments and compliance.	• Manage legal and compliance changes.
Finance	• Oversee ESG-related financial disclosures and regulatory compliance. • Ensure integration with financial governance frameworks.	• Manage ESG budgeting and funding programs. • Track financial impacts of ESG initiatives.	• Implement ESG financial standards and controls. • Train finance staff on ESG reporting.	• Integrate ESG criteria in financial systems and reporting tools. • Use data analytics to assess financial risks and opportunities linked to ESG.	• Embed ESG in financial decision-making processes. • Adapt funding and investment strategy / policies.
Technology	• Work with relevant business areas to implement necessary system changes, data capture, and reporting mechanisms for ESG obligations. • Assist with integrating ESG requirements into existing processes to define, prioritise, build, test, and deliver required outcomes. • Support business-as-usual processes, data flows, and systems to ensure reliable and routine ESG reporting.				
Procurement	• Establish policies for responsible sourcing and supply chain transparency. • Enforce ESG vendor criteria.	• Implement vendor screening for ESG compliance.	• Train procurement team on ESG supplier standards. • Include ESG criteria in vendor assessments.	• Use technology to assess suppliers' ESG compliance. • Track and analyse ESG-related supplier data for analysis reporting.	• Promote supplier engagement in ESG initiatives.

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Stakeholders

Pepper Money's success pillars – **"Experience, Performance, and Brand"** – connect our vision and mission to our strong values and culture. These pillars are designed to create positive outcomes for all our employees, customers, partners and shareholders. We understand the importance of embedding stakeholder engagement into our strategic and operational governance and decision-making processes.

Our ESG strategy is shaped by stakeholder input and guided by the regulatory environment in which we operate. We remain committed to ongoing engagement, ensuring we respond to their evolving needs as we develop ESG initiatives.

We also recognise that priorities will shift over time. To stay aligned, Pepper Money periodically engages with stakeholders to reassess the ESG themes most relevant to our business, our people, and the communities we serve.

Material Themes

Pepper Money is committed to driving financial inclusion by how loans are designed and delivered to best serve our customers' needs. Our values guide the way we do business and engage with all stakeholders. By integrating ESG into our strategy, mission, and purpose, we acknowledge that effectively managing ESG risks and opportunities is essential to achieving our goals.

Combined with insights gathered from undertaking a materiality assessment with internal and external stakeholders in 2021, as well as from regulatory developments, industry trends, and strategic risks, Pepper Money has prioritised ESG opportunities and risks into five key focus areas where we believe Pepper Money can have the most significant impact:

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CY2025 Key Achievements

Customer Wellbeing



At Pepper Money, we provide tailored financial solutions to our customers in line with our mission and prioritise the financial wellbeing of our customers by providing resources to help them improve their financial literacy. We listen to our customers so we can understand their changing needs and find opportunities for improvement.

Customer NPS

At the end of CY2025 Pepper Money has now helped **614,408 customers**[15] and aspires to have helped more than **1 million customers** by the end of CY2029. Our annual Customer NPS Survey[16] results across all three product categories exceeded targets with a greater ratio of customer promoters as customers are at the forefront of how we do business:

Home Loans NPS of +20

+4 points vs target of 16

Asset Finance NPS of +35

+8 points vs target of 27

Security Hub

Over CY2025 Pepper Money's Security Hub was enhanced with new articles added to support customers in areas such as:

- What to do if you've been hacked.
- How to spot a scam.
- How to protect yourself from AI scams.

1,130 views from 828 users in CY2025

(CY2024: 874 views from 684 users).

Customer Support Hub

To support our customers, we have dedicated digital resources and tools aimed at uplifting and improving customer financial literacy and to create awareness on online security. Our **Financial Support Hub**, launched in July 2024, combines contact details for customers who may be facing hardship, access to external support services, FAQs around hardship, as well as more information around areas such as their credit score (Comprehensive Credit Reporting).

More customer engaged with these resources – with views increasing to **59,000 by more than 28,000 users** in CY2025 (CY2024: 46,000 views from 26,000 users).

Helping customers plan and prepare

Across CY2025, Pepper Money demonstrated leadership by announcing the passing on of RBA rate cuts – all changes were communicated same day within 3 hours. Our communications ensured customers had clarity and confidence in a changing rate environment. This rapid response delivered trust and reinforced our commitment to customer-centricity. By prioritising speed, clarity, and trust, we strengthened our reputation as a responsive and reliable partner in times of change.

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15. Cumulative number of customers from 2004 to 31 December 2025.
16. Pepper Money Home Loan survey: sample size 926 (cumulative). Score based on the question "Based on your overall experience of Pepper Money, how likely are you to recommend Pepper Money to a friend if they asked about lenders?". Pepper Money Asset Finance Loan survey: sample size 2,323 (cumulative). Score based on the question "Based on your overall experience of Pepper Money, how likely are you to recommend Pepper Money to a friend if they asked about lenders?".

Employee Engagement and Inclusion



At Pepper Money, we foster positive environment to support an engaged and diverse workforce.

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Engagement

Our annual **Employee Engagement**[17] score remains strong at 81, a 6 point increase from the prior year, with a favourability score of 86%, a 12% increase from the prior year. Our high participation rate of 91% demonstrates our employees are confident that their voice will be heard.

Our **Manager Impact Survey**[18], now in its second year, delivered an overall score of 90, a 4-point uplift from the prior year, with a favourability score of 92%, a 4% increase from the prior year.

Our high engagement has resulted in Pepper Money being recognised as one of **Australia's best lending companies to work for**, earning a place on Mortgage Professional Australia's (MPA) Top Mortgage Employers list for 2025[19].

Investment in our People

Over CY2025, we continued to invest in our people through leadership development, regular performance check-ins, reward and recognition programs, and upskilling initiatives, all designed to strengthen capability and enhance our employee experience.

Our **Leadership Principles** remain central to how we lead. These principles have been integrated into the CY2025 performance frameworks and the **Manager Impact Survey**, ensuring alignment and consistency across all leaders:

Role Model – Overall score of **88**.

Coach – Overall score of **88**.

Real Conversation – Overall score of **87**.

Align Teams – Overall score of **87**.

Diversity, Equity and Inclusion

As at December 2025:

Our workforce was **53% female**, **47% male**.

49% of Senior Management roles are held by women.

Workplace Gender Equality Agency's (WGEA)[20] data highlighted that Pepper Money is leading the way in senior female representation **within the Financial Services Industry** with 49% female representation at Senior Manager level.

Our commitment to promoting an inclusive workplace is demonstrated through feedback from employees in the CY2025 **annual Employee Engagement survey**:

Inclusion – Diverse perspectives are valued at Pepper Money – **79**.

Equal Opportunity – Regardless of background, everyone at Pepper Money has an equal opportunity to succeed – **83**.

Wellness

Pepper Money is committed to promoting and maintaining a safe and inclusive culture that supports our employees to succeed. A strong indicator that our employees feel safe at work, are the responses to wellness questions in the Annual Employee Engagement Survey, which received a favourability score of **92%**[21].

In 2025, we launched **eXhale**, our dedicated wellness program designed to support overall wellbeing, reinforcing our commitment to creating a workplace where people feel supported and empowered.

17. Annual Employee Engagement Survey conducted by VIVA Glint from 15 - 26 September 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.
18. Manager Impact Survey conducted by VIVA Glint from 16 - 27 June 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.
19. MPA: Mortgages Professionals Australia. Best Mortgage Companies to Work for in Australia | Top Mortgage Employers | Mortgage Professional Australia. https://www.mpamag.com/au/best-in-mortgage/best-mortgage-companies-to-work-for-in-australia-top-mortgage-employers/549776
20. WGEA Industry Benchmark 2024 - 25 Gender Equality Report.
21. Response to the question "I feel safe at work" in the Annual Employee Engagement Survey delivered in September 2025. Represents a combined score for Australia, Philippines and New Zealand, excluding Stratton Finance.

Community Contribution and Investment

We recognise the importance of support and building resilient communities.

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Pepper Giving

Employees across Pepper Money are proud to give back to the local community through either financial contributions or volunteering. The Pepper Giving Committee is responsible for empowering employees to donate and allocates resources to our four programs: Big G, Medium G, Small G, and Volunteering Opportunities.

1. **Big G:** this program sees Pepper Money partner with a charitable organisation to provide support and funding via a large annual donation. In 2025 we began a new partnership with **StreetSmart**[22] **Australia**.
2. **Medium G:** employees are given three opportunities throughout the year to vote for a charity to receive a generous donation. Donation recipients in CY2025 covered a wide range of charities, including Stewart House, Doggierescue.com, and headspace.
3. **Small G:** this program empowers employees to apply for a financial contribution to a charity or initiative that is important to them. Through this program, Pepper Money contributed to 27 initiatives across Australia and the Philippines in CY2025.
3. **Volunteering Opportunities**: we leverage the power of our people to give back to the community through regular volunteering opportunities.

The following financial support was provided to communities and organisations through our **CY2025 Pepper Giving program**[23]:

Initiative Supported	Amount provided $000
Youth support and education	74
Housing and welfare	73
Medical aid and mental health	18
Community contributions	14
Volunteering enablement	11
Domestic violence and child protection	11
Animal welfare	11
Total	**211**

Other Initiatives

Blood Drive: Pepper Money continued its partnership with Australian Red Cross Lifeblood throughout 2025, supporting a blood-drive initiative in which employees volunteered to donate whole blood, plasma and platelets. These donations are expected to help save 249 lives this year, reflecting the meaningful contribution our people make to the communities we serve.

22. StreetSmart Australia is a charity whose mission is to tackle homelessness in Australia at a community level. StreetSmart Australia aims to raise awareness, funds and resources for people experiencing homelessness and empowers community organisations working directly with people experiencing homelessness.
23. Including all donations made in Australia, Philippines, and New Zealand denominated in Australian dollars.

5. Funding and Capital Management

Funding

As one of Australia's largest and most experienced non-bank lenders, Pepper Money is seen as a "benchmark" Australian non-bank issuer of Residential Mortgage-Backed Securities (**"RMBS"**) and Asset Back Securities (**"ABS"**) given its history, frequency, scale, volume, performance, and diversification of its debt funded capital markets program. Since its first public term securitisation issuance in 2003 Pepper Money **has called every deal at the first available call date**.

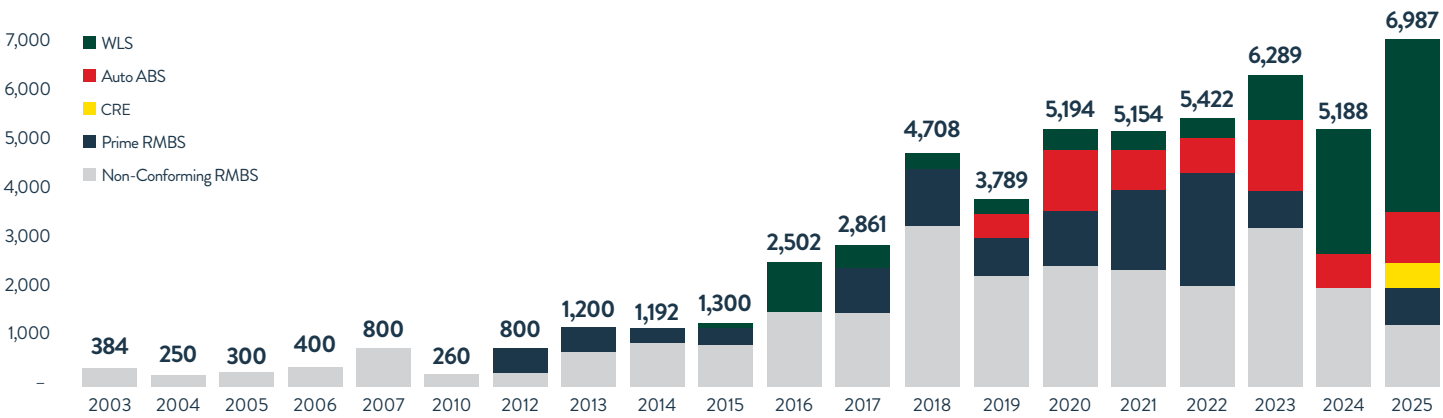
Pepper Money's funding is delivered, across various asset classes where the Company originates loans, through a combination of **Warehouse Facilities** – provided by key relationship banks and institutional investors, **Term Securitisation** transactions, both public and private, and through **Whole Loan Sales**. Pepper Money's funding facilities are:

- **Warehouse Facilities:** limited recourse Funding Vehicles established by Pepper Money and provided by funding partners that finance the origination or purchase of new loan assets, or the purchase of loan assets from Term Transactions to facilitate the exercise and fulfilment of call options. Pepper Money's Warehouse Facilities are typically separated by product and jurisdiction, namely: Prime or Non-Conforming (including Near Prime Clear, Near Prime and Specialist) residential mortgages in Australia and New Zealand, Asset Finance or Commercial Real Estate loans in Australia.
- **Public Term Securitisations:** a pool of loan assets initially funded through one or more Warehouse Facilities are grouped together and sold to a new Funding Vehicle, which then issues securities against those loan assets to investors in public wholesale capital markets.
- **Private Term Securitisations:** funding transactions that are similar to Public Term Securitisations, but which result in Pepper Money raising funds from a single investor or a small number of investors.
- **Whole Loan Sales:** sale of pools of loan assets to a third-party buyer at an agreed price, being a premium to the par value of the loan assets with Pepper Money being appointed to service the sold portfolio. Post-sale, the buyer of the portfolio will benefit from the economic return on the assets but will be exposed to the credit risk of the assets[24]. Further, WLS allow the Company to benefit from the loan acquirer's lower cost of capital.

From the first public term securitisation issue undertaken in 2003 until 31 December 2025, Pepper Money has undertaken 68 public transactions totaling $44.8 billion in funding:



Calendar Year ($m)[27]



24. Subject to standard representations and warranties provided by Pepper Money Limited.
25. Current securitisation platforms. Historical securitisation platforms include PEPPER I-PRIME, and Pepper Social.
26. Cumulative from 1 January 2015 to 31 December 2025.
27. Chart is total issuance size of public term deals (excluding refinances) and Whole Loan Sales, by issuance year, up to 31 December 2025. Subject to rounding.

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Total **Warehouse Facility** capacity at 31 December 2025 of $13.3 billion[28], increased $1.9 billion from 30 June 2025, and $2.5 billion on CY2024 close. Pepper Money's approach to managing headroom capacity has allowed the business to capitalise on growth opportunities seen over CY2025. Mortgage originations closed the year at $6.8 billion – a growth of 66% on CY2024, and Asset Finance originations of $3.5 billion, increased 20% year on year. Headroom capacity also provides origination protection in the event of funding markets experiencing a material slowdown.

Since launching Commercial Real Estate lending in 2019 the growth experience in this product, saw Pepper Money introduce a new Public Term Securitisation program in 2025 – **Pepper Commercial and Residential Securities (PCRS)** – a mix of commercial and residential mortgages. This complements Pepper Money's existing Public Term Securitisation programs – **Pepper-Prime, PRS and SPARKZ**. Over CY2025, new issuances made to support the growth of the business and fund assets were:

Public Securitisations	Issuance size $m	Settlement date
RMBS		
Non-Conforming		
• PRS 41	$1,250.0	25 September 2025
Prime		
• Pepper Prime 2025-1	$750.0	27 November 2025
Commercial and Residential		
• PCRS1	$500.0	20 November 2025
ABS		
• SPARKZ 9	$1,026.8	19 March 2025
	$3,526.8 million	

Pepper Money regularly sells pools of loan assets at a premium to par value as part of its Whole Loan Sales program. As part of the sale arrangements, Pepper Money is appointed as the servicer of the loan assets by the buyer and thus continues to receive ongoing monthly fees following the sale of the asset pool. Servicing fees are based on the loan balance over time. WLS allow Pepper Money to benefit from the loan acquirer's lower cost of capital. Over CY2025 Pepper Money executed seven Whole Loan Sales as part of its programmatic funding approach. Whole Loan Sales across all asset classes are summarised below:

Asset class	Issuance size $m	Settlement date
Mortgages: Prime	$223.3	28 March 2025
	$750.0	29 May 2025
	$246.8	24 September 2025
	$762.3[29]	1 December 2025
	$221.1	16 December 2025
Mortgages: Non-conforming	$756.6	10 June 2025
Asset Finance	$500.0	24 November 2025
Total Whole Loan Sales	**$3,460.1**	

28. Includes Pepper Money Notes.
29. Includes Non-conforming Mortgages.

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Pepper Money's debt funding strategy is structured to provide ongoing, efficient funding for the business to support growth and to manage through periods of market disruption. The funding approach is designed to deliver the following benefits:

- access to efficient, scalable funding, enabling Pepper Money to support forecast growth in lending volumes;
- access to broad loan eligibility criteria across its funding facilities, enabling Pepper Money to meet the needs of a wide range of loan customers and capitalise on market opportunities;
- capability to originate through economic and market cycles, enabling Pepper Money to better serve the evolving needs of its loan customers and Distribution Partners through a range of market conditions; and
- stability of funding, supported by diversity across multiple financiers, markets, currencies, funding structures and facilities.

Capital and Liquidity Management

Pepper Money's cash resources, including cash funded via Pepper Money's Corporate Debt Facility and Debt Issuance Program, are used to fund Pepper Money's investment in Junior Securities in Warehouse Facilities and Term Securitisations, investment in CRR (Credit Risk Retention) Securities to meet credit risk retention requirements, funding of various loan assets (predominantly seed pools for new asset classes) and other operating expenses.

Following the maturity, and repayment, of Pepper Money's Corporate Debt Facility (CDF), a new syndicated 3-year revolving credit facility was established on 23 May 2024, with a total size of $270 million.

In line with Pepper Money's capital management strategy, part of the cash released from Whole Loan Sales has been used to pay down the debt, with the Corporate Debt Facility closing CY2025 with a drawn balance of $97.5 million, down from $125.0 million at the end of CY2024. A further $40.0 million of the Medium-Term Note was retired over 2025 reducing the drawn amount of the facility to $50.0 million.

Pepper Money's Corporate Debt facilities are summarised below:

Facility Name	Syndicated Facility Agreement[30]	Medium Term Notes
Commencement Date	23 May 2024	13 October 2021
Facility Size	A$270 million Revolving cash advance facility	
Drawn as of 31 December 2025	A$97.5 million	A$50 million
Interest and Fees	At a minimum, the CDF bears interest at the 3-month BBSY[31] rate plus a variable margin. Fees paid/payable in connection with the CDF include the following: • a one-off upfront fee paid on drawdown of the CDF; • an ongoing commitment fee on the undrawn portion of the commitments.	The Medium-Term Notes bear interest at 3-month BBSW[32] plus a margin A one-off upfront fee paid on drawdown of the Notes.

The Company paid a fully franked Special dividend of $55.5 million on 16 July 2025, and over the course of CY2025 paid fully franked Ordinary dividends of $59.9 million, bring total dividends paid in the year to $115.4 million, equating to 26.0 cents per share[33].

30. Known as the Corporate Debt Facility ("CDF").
31. BBSY: Australia Bank Bill Swap Rate.
32. BBSW: Australian Bank Bill Swap Bid Rate.
33. Cents per share based on average issued capital at record date.

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For CY2025, Pepper Money's sources and use of funds, are summarised below:

Sources and Uses of Cash	$m
31 December 2024 Unrestricted Cash Balance	124.0
Sources:	
Whole Loan Sales gross premium released	85.9
Cash from note sales / funding	99.2
Total cash generated	**185.1**
Uses:	
Net operating cash outflow	(2.3)
Special dividend paid	(55.5)
Ordinary dividends paid	(59.9)
Corporate Debt repaid	(27.5)
Medium Term Note repaid	(40.0)
Share buy back	(2.0)
Total cash deployed	**187.3**
31 December 2025 Unrestricted Cash Balance	**121.8**

At 31 December 2025, Pepper Money had unrestricted cash balances of $121.8 million (30 June 2025: $142.9 million, 31 December 2024: $124.0 million). Available and undrawn corporate debt balance was $172.5 million at year end. The Company remains focused on maintaining prudent capital levels to provide flexibility given market uncertainty.

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6. Dividend

CY2024 fully franked Final dividend of 7.1 cents per share was paid on 17 April 2025[34].

CY2025 fully franked Special dividend of 12.5 cents per share was paid 16 July 2025[35].

CY2025 fully franked Interim dividend of 6.4 cents per share was paid 10 October 2025[36].

For CY2025 the Board has declared a fully franked Final dividend of 7.8 cents per share to be paid 16 April 2026[37]. The Final dividend represents a payout ratio of 60.0% of the Pro-forma NPAT from the period 1 July 2025 to 31 December 2025, the upper end of the dividend payout ratio of 30 – 60.0% set under the existing Board Dividend Policy[38]. The Board believes the dividend recognises the ongoing capital management strategy to deliver strong and consistent returns to shareholders.

On a full year basis, and including the Special dividend paid 16 July 2025, fully franked dividends paid or payable of 26.7[39] cents per share represents an annualised yield of 16.1%[40].

Dividend Paid or Payable	2025 Pro-forma	2024 Pro-forma & Statutory
Final Dividend		
NPAT ($ million)	**$57.8**	$52.1
Average share price[41]	**$2.12**	$1.41
WANOS (millions) on issue[42]	**443.3**	440.7
Dividend payout %	**60.0%**	60.0%
Dividend ($ million)	**$34.7**	$31.2
Dividend per share	**7.8 cps**	7.1 cps
Interim		
NPAT ($ million)	**$47.0**	$46.1
Average share price[43]	**$1.48**	$1.46
WANOS (millions) on issue[44]	**444.5**	440.6
Dividend payout %	**60.0%**	47.5%
Dividend ($ million)	**$28.4**	$22.1
Dividend per share	**6.4 cps**	5.0 cps
Special		
Dividend ($ million)	**$55.5**	
Dividend per share[45]	**12.5 cps**	
Total		
NPAT ($ million)	**$104.8**	$98.2
Average share price[46]	**$1.65**	$1.35
WANOS (millions) on issue[47]	**443.3**	440.7
Dividend payout % (excluding Special)	**60.0%**	54.1%
Dividend ($ million)	**$118.6**	$53.3
Dividend per share	**26.7 cps**	12.1 cps

34. Record date for CY2024 Final dividend – 20 March 2025.
35. Special dividend – declared 3 June 2025. Record date – 11 June 2025, paid – 16 July 2025.
36. CY2025 Interim dividend – declared 21 August 2025, record date – 12 September 2025, paid – 10 October 2025.
37. CY2025 Final dividend – declared 19 February 2026, record date – 13 March 2026, to be paid – 16 April 2026.
38. Refer Pepper Money Limited Annual Report 2023, page 42, and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181.
39. Subject to rounding.
40. Annualised yield based on dividends declared in CY2025, and 12-month volume weighted average price (VWAP).
41. VWAP 1 July – 31 December.
42. WANOS: Weighted Average Number of Shares – 1 July – 31 December.
43. VWAP 1 January – 30 June.
44. WANOS: 1 January – 30 June.
45. Number of shares on issue: 444.5m.
46. VWAP 1 January – 31 December.
47. WANOS: as 1 January – 31 December.

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7. Risk Management Framework, Material Risks and Business Uncertainties

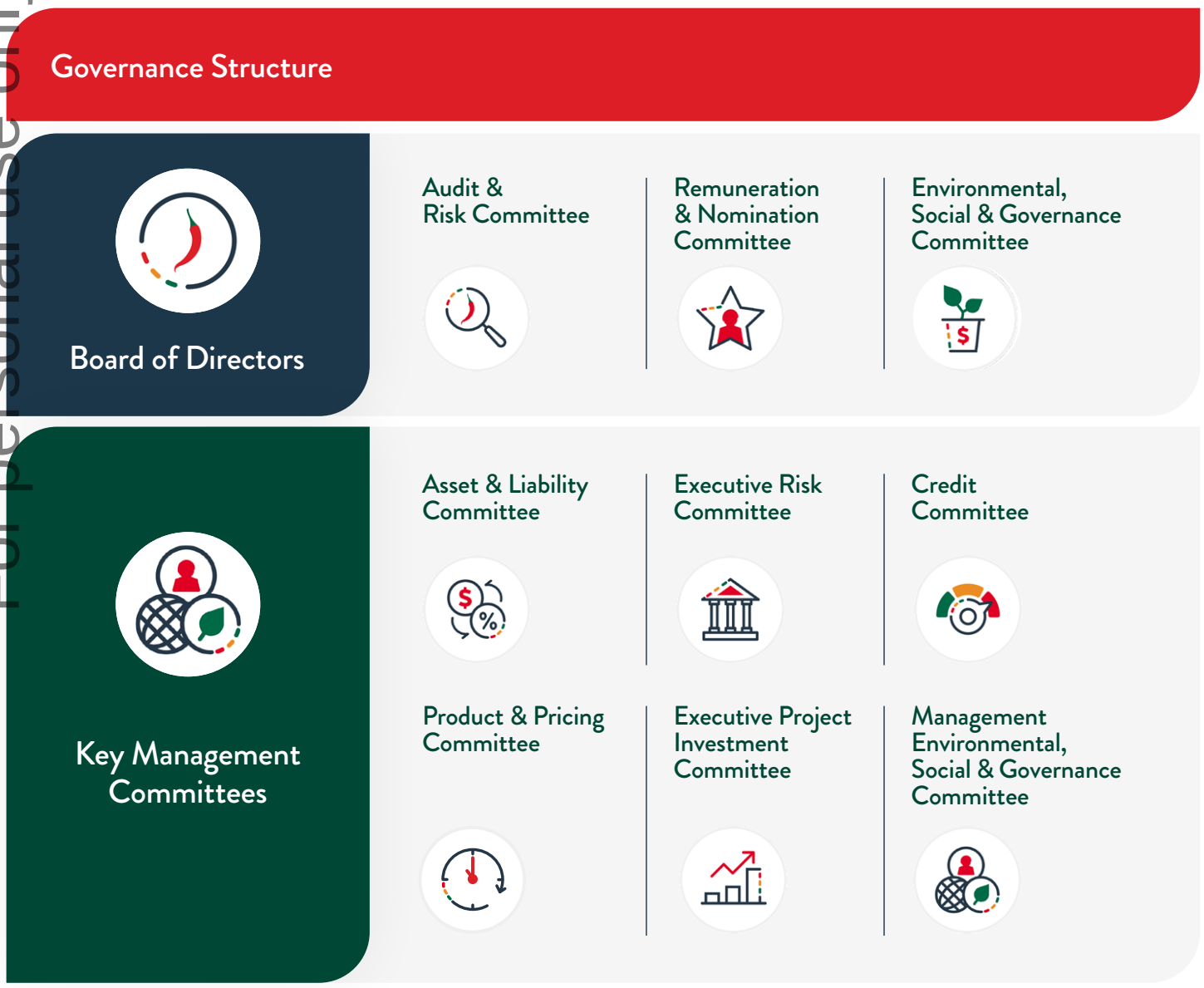
Risk management is an integral part of Pepper Money's business model. We recognise that risk management drives sustainable customer and business outcomes and is core to Pepper Money delivering on its strategy, mission and purpose.

Pepper Money operates in adherence to its Risk Management Framework (**"RMF"**), which provides an effective and efficient approach to govern and oversee Pepper Money. This includes identifying, monitoring and mitigating risks to allow the business to deliver its strategy and to oversee business activities.

Governance structure

Pepper Money's Board has the ultimate accountability for risk management for the Company, including setting the risk appetite of the business (documented in the Risk Appetite Statement). Day-to-day responsibility for risk management is cascaded through the delegation of individual accountability, with reporting and escalation facilitated through the Risk Governance structures outlined below.

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Risk Management Framework

Policies, procedures, and limits are defined to ensure activities remain within an understood and appropriate level of risk. Pepper Money continues to evolve our approach to risk management, given the ever-changing requirements of the business, our operating and regulatory environment, and our key stakeholders.

Risk Culture

Risk Management Framework



Board and Strategy
Risk Appetite Statement
Risk Management Strategy

Key Material Risks



Financial Risks

- Credit Risk
- Liquidity Risk
- Funding Risk
- Market Risk

Non-Financial Risks

- Compliance
- Operational
- Reputational / Conduct Risk

Independent Validation & Testing



Internal and External Audit (3rd Line of Accountability)

Risk Policies



Risk Management (2nd Line of Accountability)

- Credit Policy
- Funding Policy
- Compliance Management Policy
- Operational Risk Management Policy
- Business Resilience Policy

Procedures & Supporting Documents



Business (1st Line of Accountability)

- Procedures
- Standards
- Guides
- Manuals
- Registers

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All employees at Pepper Money have a role to play in risk management. Fundamental to the RMF is the "three lines of accountability" model, which considers Pepper Money's business and functional structures. The model delineates management accountabilities and responsibilities over risk management and the control environment, thereby creating a robust control environment to manage inherent risks. The model ensures risks are identified and issues are escalated, with a clear separation between the first, second and third lines of accountability:

- **First Line:** First Line Management are accountable for management of risks, compliance obligations and controls.
- **Second Line:** The Risk and Compliance function establishes the RMF and supporting policies, providing tools, advice and oversight to the First Line to ensure risks and compliance obligations are managed within Pepper's risk appetite.
- **Third Line:** Internal Audit provides independent assurance on the adequacy and effectiveness of risk management activities. External auditors contribute to the Third Line by providing assurance on financial statements and selected regulatory requirements.

Other key components to the RMF include:

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Risk Management Components

Culture, Training and Awareness

The Board operates with risk management as a key focus and has implemented a "tone from the top" approach.

The importance of risk culture is driven from the Board through Management and across the organisation. It involves operating with an awareness of the three lines of accountability, Pepper Money's strategy and risk appetite, while understanding how these translate into individual roles, responsibilities and day-to-day processes.

Risk culture is reinforced through regular training and communication across all levels of the business.

Escalation, Monitoring & Reporting

Pepper Money has established risk monitoring procedures alongside a positive risk-informed culture that encourages the escalation of incidents, including the escalation of compliance-related incidents. Risk reporting is designed to enhance improved decision making.

Risk Governance

Pepper Money has established risk governance through a comprehensive committee structure to support the management of risks, including the:

- Audit and Risk Management Committee (Board)
- Remuneration and Nomination Committee (Board)
- Environmental, Social and Governance Committee (Board)
- Executive Risk Committee (Management)
- Asset and Liability Committee (Management)
- Credit Committee (Management)
- Product and Pricing Committee (Management)
- Environmental, Social and Governance Committee (Management)
- Executive Project Investment Committee (Management)

Policies and Procedures

Pepper Money has the required understanding of, and adherence to, law and regulations across the business. This helps to inform policies, business processes, and procedures, that cover all aspects of lending and loan servicing. These include, but are not limited to:

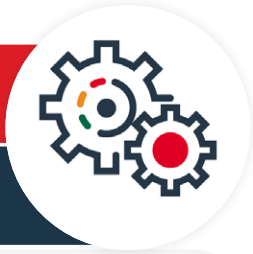
- Credit underwriting processes
- Loan documentation
- Collections and litigation
- Complaints procedures
- Hardship procedures
- Accounting
- Investor reporting
- Anti-money laundering (AML)
- System usage

For further information please refer to Pepper Money's Corporate Governance Statement at: www.peppermoney.com.au/about/corporate-governance.

Operating environment evolving material risks

Pepper Money operates in a constantly evolving environment which places the understanding and management of risks at the forefront. Pepper Money's RMF provides the mechanism for the Board, Management and employees to effectively identify, evaluate and adjust for the changing risk environment.

The most significant risks that the Company face have been determined to be "Material Risks", which are risks that may affect Pepper Money's ability to deliver its strategy or meet its obligations. Pepper Money categorises key material risks into financial and non-financial as below:



Risk Management Framework

Tolerance Levels: Risk Appetite Statement

Material Risks

Financial	• Macro-economic risk • Credit risk • Funding risk	• Liquidity risk • Interest rate risk
Non-Financial	• Environmental, Social & Governance risk • Cyber risk • Data risk • Technology risk • Regulatory and compliance risk • Financial crime risk	• Operational risk • Conduct risk • Human capital risk • Third party risk • Climate risk • Artificial Intelligence risk

Emerging risks

Pepper Money applies a structured approach to identify, consider and assess emerging risks and integrate them into the RMF where appropriate. This approach draws on input from participants at risk-related forums and committees, as well as insights from third-party publications and firms, which may include emerging risk survey responses from Australian and international market participants.

Pepper Money assesses candidate "Emerging Risks" for applicability and potential impact to ensure the risks are considered, before either incorporating the risk into the RMF as a Material Risk or ensuring that relevant component risks are adequately addressed by existing Material Risks.

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Material risks

Key Risk	How Pepper Money responds
Macro-economic risk stems from factors such as inflationary pressures, unemployment and underemployment, interest rates, lack of income growth, business investment, government spending, government policy, the volatility and strength of the global and Australian / New Zealand capital markets, currency value and exchange rates, all of which influence the business and broader economic environment.	• Pepper Money continuously monitors the risk of changes in the Australia / New Zealand and global environment that restricts access to capital. • Pepper Money manages the business responsibly, protecting the Company's strong capital position and maintaining conservative buffers to address uncertainties, in line with the Company's Liquidity Policy, Funding Strategy and Risk Appetite Statement.

Credit risk is the risk of potential financial loss arising from exposure to an entity's customer or counterparty in the event of default. A change in customer circumstance or a failure by Pepper Money to adequately assess and manage credit risk may result in credit losses, decreased operating cash flows, significant credit impairment expenses, increased funding costs, and reduced access to funding. Pepper Money is exposed to the risk that its customers do not meet their financial obligations (e.g. their obligation to repay loans) or become insolvent.	• Pepper Money has a strong, established credit risk framework that ensures a consistent credit assessment process for each customer. The key elements of the credit risk framework include:
	  • **Governance:** Pepper Money has an established Executive Risk Committee and Credit Committee to manage and implement its clearly defined risk appetite and consequent credit risk framework.
	  • **Credit risk policies:** provide rules to determine whether Pepper Money will lend to a specific customer, capturing qualitative and quantitative data relating to the customer profile, customer requirements and objectives, data from credit bureaus, assessment of the collateral, legislative obligations and other factors.
	  • **Credit procedures:** supports Pepper Money's processes to assess, verify, price and approve a loan application from a customer.
	  • **Arrears management and collections:** policies and procedures in place to manage non-payment of loan repayments.
	  • **Hardship management:** policies and procedures that recognise, acknowledge and respond to changing regulatory requirements and customer circumstances – when they are unable to meet their obligations under a credit contract.
	  • **Portfolio monitoring:** reporting and monitoring on the performance of loan portfolios.

Funding risk: Pepper Money's funding platform currently comprises a mix of Warehouse Facilities, Term Securitisations, Whole Loan Sales programs, Corporate Debt Facilities and balance sheet cash. Pepper Money depends on continued access to these funding sources to fund its new originations and existing lending in Mortgage and Asset Finance receivables, as well as to support its ongoing business operations.	• Pepper Money continuously monitors the risk of changes in the Australia / New Zealand and global environment that restricts access to capital. • Pepper Money maintains a Liquidity Policy and Funding Strategy which are designed to ensure sufficient funds to support new loan originations and pay maturing liabilities through a pre-defined time horizon as well as meeting specific liquidity position requirements. • Pepper Money has a Contingency Funding Plan supported by an Emergency Liquidity Management Team that may be utilised in the event of a stressed funding scenario. • Pepper Money conducts stress scenario testing on a regular basis to ensure it can operate under a wide range of operating conditions. • Pepper Money manages all operational funding requirements via its Asset and Liability Committee (Management), which meets at least monthly.

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Key Risk	How Pepper Money responds
Liquidity risk is the risk of an adverse impact to the earnings or operations of Pepper Money that may result in having insufficient funds to meet obligations when they become due, customer demands for funds or any other financial obligations. This includes liquidity obligations with respect to Pepper Money's AFSL financial requirements.	• Pepper Money maintains a Liquidity Policy and Funding Strategy which are designed to ensure sufficient funds to support new loan originations and pay maturing liabilities through a pre-defined time horizon as well as meeting specific liquidity position requirements. • Pepper Money has a Contingency Funding Plan supported by an Emergency Liquidity Management Team that may be utilised in the event of a stressed funding scenario. • Pepper Money manages operating liquidity requirements through its Cashflow Forum, comprised of the CFO, Treasurer, Corporate Development and Treasury representatives. The Cashflow forum meets at least 2 times a month to review Pepper Money's Cash Needs Requirement under the Liquidity Policy; and conduct liquidity stress tests (at least monthly) for a variety of Pepper Money-specific and market-wide events across a rolling 12-month period.
Interest rates risk: Pepper Money is exposed to the risk that: 1. Customers are unable to meet their financial obligations or become insolvent as a result of increases in the customer's payment obligations caused by rising interest rates or cost of living expenses. 2. Fixed rate loans are inappropriately hedged.	• Pepper Money monitors the risk of changes to customer circumstances and applies data analytics to monitor and access impacts of macro-economic and other factors on customers' ability to meet their obligations. • Pepper Money manages ongoing oversight of customers under the RMF via the Credit Committee. • Pepper Money conducts stress scenario testing on its portfolio on a regular basis, using combinations of possible and plausible macro-economic conditions, to better understand the potential impacts on both customer and Pepper Money. • Pepper Money enters into interest rate swap contracts to offset the variability in cash flows from changing interest rates. • Pepper Money utilises pre hedging and hedging activities.
Environmental, Social & Governance (ESG) risk: is the risk of failure to appropriately identify and manage material environmental, social and governance risks and opportunities. This includes risks arising from evolving regulatory, compliance, and reporting obligations, as well as reputational and strategic impacts associated with ESG performance.	• Pepper Money manages ESG risk through a structured governance framework supported by clear accountability. Oversight is provided by the Board ESG Committee and the Management ESG Committee, with implementation driven by the ESG Working Group. • Pepper Money's ESG Framework integrates environmental, social and governance factors into strategy, risk management and lending practices. It establishes policies and processes to identify and manage ESG risks, while ensuring compliance with evolving regulatory requirements, including AASB S2[48] Climate-related Disclosures. • Pepper Money's approach is guided by five material themes: Customer Wellbeing, Community Contribution & Investment, Employee Engagement & Inclusion, Responsible Business, and Climate Risks & Opportunities. These themes underpin initiatives such as enhancing financial literacy for customers, supporting community programs, embedding diversity and inclusion, and managing climate-related risks through scenario analysis.

48. Australian Accounting Standards Board S2 Climate-related disclosures

Key Risk	How Pepper Money responds
Cyber risk: Pepper Money is dependent on the operation of its technology platforms to accurately assess customers, provide reliable services and accurate and timely reporting. Any disruption to Pepper Money's technology platform through direct cyberattacks or attacks to our system managed by suppliers can result in serious disruption to critical business functions, create material data protection issues, and could adversely affect Pepper Money's business, customers, operations, reputation or financial performance. Pepper Money continuously invests to protect our systems, minimise disruption and to ensure data protection for all stakeholders.	• Recognising the size and complexity of the threat, Pepper Money has a dedicated team to operate and continue to improve the maturity of its cyber security control framework. • Pepper Money has a framework of standards, policies and systems to address cyber, privacy and data governance risks. This framework is reviewed at regular intervals to ensure it supports the Company's ability to respond to the changing cyber threat environment. • Pepper Money maintains 24 x 7 security monitoring and operational capability that identifies potential breaches and responds during the early stages of any attack to minimise impact on the business, customer and partners. • Pepper Money maintains and regularly tests cyber security and disaster recovery procedures across critical systems, ensuring these can be rapidly isolated or recovered if required. • Pepper Money provides ongoing company-wide security and cyber security awareness and education for all employees. • Pepper Money maintains a compliance program which includes periodic audits of the Company's cyber security program, including ISO 27001 recertification and assurance testing.
Technology risk: There is a risk of disruption to Pepper Money's business activities, due to an externally driven crisis, the failure of information technology platforms, or, system failures. This also applies where Pepper Money's operations are dependent on access to third party technology and data providers to undertake informed, accurate and timely assessments of potential applicants. If disruption was to occur, Pepper Money could face significant costs and disruption to the delivery of products and services.	• Pepper Money has designed and implemented resilience programs and modern systems and processes to enhance the reliability of its platform. This includes increasing the scale and capability of its shared service operations in the Philippines, to enhance flexibility to work across multiple locations in any event of disruption in one workplace. • Pepper Money maintains disaster recovery and business continuity plans, which are reviewed and tested annually. Critical systems undergo testing to confirm disaster recovery objectives remain aligned with these plans, policies and standards. • Where Pepper Money depends on third parties to provide technology services, solutions and (cloud) platforms, regular vendor management and governance activities assure that these providers are delivering services in a manner compliant with standards and policies. • Pepper Money is ISO-27001 compliant.

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Key Risk	How Pepper Money responds
Regulatory and Compliance risk is the risk of legal or regulatory sanctions, financial loss, as a result of its failure to comply with all applicable laws, regulation, codes of conduct and standards of good practice relevant to Pepper Money. Pepper Money operates within regulated markets that are subject to a range of legislative and compliance requirements. In both Australia and New Zealand (noting that Australia represents the substantial majority of the Group's operations), Pepper Money must comply with statutory obligations in relation to, among other things, licensing, responsible lending, anti-money laundering, counter terrorism financing, privacy, customer identification, credit reporting, unfair contract terms and disclosures to customers and investors. Pepper Money may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice relevant to the entity.	• Pepper Money's objective is to manage regulatory and compliance risk by ensuring adherence to all applicable laws, regulations, codes of conduct and industry standards. The approach seeks to protect the organisation from financial loss and reputational harm while avoiding excessive cost or overly restrictive controls that could limit innovation and operational efficiency. • Regulatory and Compliance risk is a subset of operational risk and managed with policies, processes and practices aligned to the Risk Management Framework. • The Company's Compliance function, in conjunction with Pepper Money's Legal team, provides independent advice, oversight and challenge on regulatory compliance as well as providing advice to individual business divisions to assist with the implementation of regulatory change.
Financial crime risk refers to the potential for loss, regulatory breach or reputational damage arising from activities such as money laundering, sanctions violations, bribery and corruption, and failures in Know Your Customer (KYC) processes. These risks can undermine customer trust, disrupt operations and expose Pepper Money to legal and compliance consequences.	• Pepper Money manages financial crime risk through Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) programs, customer identification and verification processes, transaction monitoring, and suspicious matter reporting. • Dedicated teams oversee compliance, supported by technology-driven controls and regular staff training to ensure vigilance and adherence to legal requirements.

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Key Risk	How Pepper Money responds
Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events, including those related to people, data, model, fraud, third-party arrangements, technology, information and physical security, business disruption and regulatory compliance. Operational risk encompasses resilience considerations and emerging threats that may impact the organisation's ability to deliver services effectively and maintain stakeholder confidence.	• Pepper Money has a framework for the management of operational risk that is the totality of systems, structures, policies, processes and people that identify, analyse, respond, monitor and review internal and external sources of risk that could have a material impact on Pepper Money. • Pepper Money has specific capabilities, policies and procedures to manage and monitor operational risks. These include, but are not limited to, processes for customer identification, credit assessment, internal and external fraud monitoring. • Pepper Money maintains a Resilience Policy and Framework that incorporates crisis management, business continuity and disaster recovery plans. These plans are reviewed annually to ensure effectiveness. Critical systems and processes undergo testing to confirm that recovery objectives remain aligned with these plans, policies and standards, supporting the organisation's ability to restore operations following a disruption event. • Pepper Money has a Model Risk Management Framework to govern and monitor business-critical models, such as those for credit assessment, pricing, and risk management. • Pepper Money addresses physical risks through workplace health and safety programs, secure office access controls, and compliance with relevant occupational health and safety legislation. • Pepper Money applies fraud prevention measures across its operations, including identity verification, transaction monitoring, and fraud detection tools. These measures are supported by AML/CTF compliance programs, governance oversight, and staff training to maintain compliance and protect customers and the business from fraudulent activity. • Where Pepper Money depends on third parties to provide services, regular vendor management and governance activities assure that these providers are delivering services in a manner compliant with Pepper Money's standards and policies.

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Key Risk	How Pepper Money responds
Conduct risk is the risk of delivering unfair outcomes for Pepper Money's customers, partners, investors, employees and communities in which we operate from inappropriate, unethical, or unlawful behaviour, action or omission by Management, employees or business partners which may be deliberate or inadvertent. Pepper Money can be exposed to both intentional and unintentional misconduct risks.	• Pepper Money manages conduct risk through its policies, processes and practices which are aligned to the RMF. • Pepper Money's Code of Conduct supports the Company's values and culture and seeks to minimise conduct risk. • Pepper Money has monitoring and reporting in place to identify potential misconduct. • Pepper Money has performance measures and remuneration practices in place that, amongst other things, rewards good conduct.
Human capital risk: Exposure to changes in personnel, including an inability to attract and retain quality and appropriate people or loss of key personnel. Also, the risk of breaching employment legislation, mismanaging employee relations, and failing to ensure a safe work environment.	• Pepper Money is committed to operating with an inclusive and open work environment where everyone is treated fairly, is given respect and has the opportunity to achieve success. Pepper Money believes that diversity and inclusion are key to not just the business' success but the success of all employees. • Pepper Money undertakes regular remuneration benchmarking against industry peer groups, in line with FIRG's[49] 50th percentile for similar size organisations, to ensure we remain competitive within the market and reward our employees for displaying the right behaviours of a high performing culture. • Pepper Money supports employees through a range of policies including but not limited to remuneration reward and recognition programs, Health and Wellness programs[50] and through investment in learning, development and personal growth. • Pepper Money aligns its workforce planning strategy with the efficiencies created by technological process improvement and digitalisation. Pepper Money's move to a hybrid model of working allows employees to work from different locations in order to support a more productive and balanced way of working. • Pepper Money monitors the engagement and retention of its employees through regular feedback opportunities. • Pepper Money regularly reviews its succession planning pipeline and tables this as a standing agenda item with the Remuneration and Nomination Committee. • Pepper Money invests in the growth and development of its key leaders and talent pipeline.
Third party risk: The risk of failing to manage third party relationships and risks appropriately, including risks resulting from the outsourcing of services or functions.	• Pepper Money has a framework of standards, policies and systems for supplier management. This framework is reviewed at regular intervals to ensure they support the Company's ability to respond to the changing environment. • Third-party suppliers are subject to regular reviews, including assessments of compliance with contractual and regulatory obligations. Annual Cyber and information security reviews are conducted for critical suppliers to ensure adherence to security standards and resilience requirements.

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49. FIRG: Finance Industry Remuneration Group.
50. Health & Wellness programs includes gym membership, mental health support and education, and full access to Employee Assistance Program (EAP).

Key Risk	How Pepper Money responds
Climate Risk: Pepper Money is exposed to the potential financial, operational and reputational impacts arising from physical risks (such as extreme weather events) and transition risks (such as regulatory changes, market shifts and evolving stakeholder expectations) associated with climate change. These risks may influence asset values, funding costs, operational resilience and Pepper Money's ability to meet regulatory and stakeholder obligations. Climate risk is considered as a contributing factor to other material risk categories, including credit, regulatory, funding, liquidity and operational risk.	• Pepper Money manages climate risk through its ESG Framework and governance structures, including Board and Management ESG Committees, with climate considerations integrated into the RMF and Risk Appetite Statement. • Pepper Money has undertaken a climate risk materiality assessment and scenario analysis to evaluate resilience under physical and transition risk conditions. • Pepper Money continues to monitor regulatory developments (such as AASB S2 Climate-related Disclosure) and embed climate considerations into strategic planning and decision-making. • Pepper Money continues to evolve our approach to climate risk management to align with emerging standards and stakeholder expectations.
Artificial Intelligence (AI) Risk: AI risk is the risk of unintended outcomes, ethical concerns or operational disruptions arising from the use of artificial intelligence technologies. This includes risks related to data integrity, algorithmic bias, regulatory compliance and customer trust. AI risk may also contribute to other material risk categories, such as operational, conduct and reputational risk.	• Pepper Money has implemented controls to safeguard sensitive data and prevent exposure to public AI platforms. Approved internal AI tools are deployed to maintain confidentiality and integrity. • Controlled pilots of Generative AI tools are conducted to explore productivity benefits while applying safeguards to mitigate risks such as inaccurate outputs and operational disruption. • Ongoing monitoring of global and domestic AI regulations and privacy requirements informs policy updates and ensures compliance with emerging standards. • AI risk management practices are subject to ongoing uplift and improvement to address evolving threats and opportunities, balancing innovation with security and ethical considerations.

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8. Outlook

Pepper Money enters the coming year with a strong foundation, built on disciplined execution, prudent risk management and a business model that continues to demonstrate resilience across economic cycles.

Recognising the difficulties of the operating environment of the last few years, with high interest rates, high inflation and the cost-of-living pressures on consumers, Pepper Money is positioned to capitalise on opportunities to grow the business over CY2026, and continues to focus on the long-term. Pepper Money remains committed to building sustainable value for stakeholders.



Macro-economic expectations

Pepper Money has a proven track record – over 25 years the business has successfully managed through all cycles

Macro-economic conditions continue to evolve. While interest rates reduced over CY2025, heightened inflation remains persistent, giving rise to uncertainty in respect to rate setting over CY2026.

Pepper Money's diversified business portfolio – spanning mortgages, asset finance and loan servicing – positions us well to navigate uncertainties.

Our investment in scalable technology, data capabilities and operational efficiency strengthens our ability to respond to customer needs and adapt to market conditions, consistent with the disciplined financial and governance approach embedded across our business.



Business performance

Pepper Money has the agility and embedded capabilities to adapt and respond to changing market conditions

Business diversification: Pepper Money has capitalised on changing market and consumer behaviour to build new business opportunities. Pepper Money' Asset Finance business commenced in 2014 and as at the end of CY2025 accounts for 39% of Total Operating Income.

Funding diversification: Pepper Money responded to changing investor appetite for Whole Loan Sales to capitalise on opportunities, leading the market in CY2025, executing Whole Loan Sales totalling $3.5 billion. This has released capital to fund new origination growth, reduce indebtedness and increase returns to shareholders through increased dividends.

Capital light segment diversification: on execution of a Whole Loan Sale, Pepper Money retains the servicing of the loans, while releasing the capital. This has seen the Loan and Other Servicing business segment Total Operating Income grow to $17.7 million in CY2025 up 61% on 2024.

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Strategic priorities

Pepper Money has demonstrated the ability to identify opportunities in large addressable markets

Track record of entering new segments / markets and developing new product opportunities: Pepper Money operates in a large total addressable market of $3.1+ trillion. Within this large total addressable market, Pepper Money continues to identify, and capitalise on, product innovation in customer niches. This has seen Pepper Money enter new asset classes, such as Asset Finance in 2014, as well as new markets – such as New Zealand Mortgages in 2019. This capability continues to support Pepper Money's ability to grow Originations and AUM.

Strength across the value chain: Pepper Money has developed a comprehensive business model designed to scale, with key strengths across customer acquisition and distribution, underwriting capabilities, customer service, distribution partner support, centralised data and investment into data analytics, loan servicing and processing, and credit management.



Managing risk

Risk management is an integral part of Pepper Money's business model. We recognise that risk management drives sustainable customer and business outcome.

Pepper Money's objective is to manage regulatory and compliance risk by ensuring adherence to all applicable laws, regulations, codes of conduct and industry standards. The approach seeks to protect the organisation from financial loss and reputational harm while avoiding excessive cost or overly restrictive controls that could limit innovation and operational efficiency.

Pepper Money has established strong risk and governance frameworks to support the organisation, with ultimate oversight and responsibility vested with the Pepper Money Board.

Pepper Money recognises it operates in a constantly evolving environment which places the understanding and management of risks at the forefront.

Pepper Money is committed to continuing to develop and evolve its risk and governance frameworks to effectively identify, evaluate and adjust for the changing risk environment.

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Directors' Report



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The Directors of Pepper Money Limited ("Pepper Money" or the "Company") present their report, together with the financial statements of Pepper Money Limited and its controlled entities ("the Group") for the year ended 31 December 2025 ("the period") which is designed to provide shareholders with a clear and concise overview of Pepper Money's operations and the financial position of the Group. The review complements the financial report.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report is as follows:

Board of Directors

The profiles of the Directors have been included on pages 4 to 5.

The following persons were Directors of the Company during the year and up to the date of this report:

Akiko Jackson

Chair and Independent Non-Executive Director.

Mario Rehayem

Chief Executive Officer.

Mike Cutter

Independent Non-Executive Director.

Des O'Shea

Non-Executive Director and Shareholder Representative.

Vaibhav Piplapure

Non-Executive Director and Shareholder Representative.

Justine Turnbull

Independent Non-Executive Director.

Rob Verlander

Independent Non-Executive Director.

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Directors' meetings

The number of Directors' meetings (excluding circulating resolutions) held during the year and each Director's attendance at those meetings is set out in the table below:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee		Environment, Social and Governance Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	Held	Attended	Held	Attended
Akiko Jackson[1]	12	12	6	6	3	3	4	4
Mario Rehayem	12	12	X	X	X	X	X	X
Mike Cutter	12	12	6	6	X	X	4	4
Vaibhav Piplapure[2]	12	10	X	X	X	X	X	X
Des O'Shea	12	11	6	6	3	3	4	4
Justine Turnbull	12	12	X	X	3	3	4	4
Rob Verlander	12	12	6	6	3	3	4	4

X = not a Committee Member

Director's interests

Refer to the Remuneration Report for details of each Director's relevant interests in the shares and rights of the Group at 31 December 2025.

Company Secretary

John Williams.

Key Management Personnel

Remuneration information of the Key Management Personnel ("KMP") of the Company during or since the end of the year ended 31 December 2025 is detailed in the Remuneration Report section of this Directors' Report.

The term KMP refers to those individuals having authority and responsibility for planning, directing and controlling the activities of the Group, including any Director of the Group (Executive or otherwise).

Remuneration Report

The Remuneration Report can be found from pages 69 to 91 and forms part of the CY2025 Directors' Report.

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1. Akiko Jackson elected Chair 23 May 2024. Appointed to Board 6 May 2021.
2. Vaibhav Piplapure commenced as a Non-Executive Director and Shareholder Representative on 23 May 2024.

Principal activities

Pepper Money is one of the largest non-bank lenders in the Australian mortgage and asset finance markets. Pepper Money commenced business in Australia in 2000 as a provider of home loans to consumers who fall outside the lending criteria of traditional bank and non-bank lenders, otherwise known in Australia as the non-conforming or specialist mortgage market. Pepper Money has subsequently broadened its Australian business activities to also include the origination of prime residential mortgages, commercial real estate loans, mortgage loans to Self-Managed Super Funds ("SMSF"), auto and equipment finance, novated leases and third party loan servicing. Pepper Money also provides residential mortgages in New Zealand.

Pepper Money's business model provides a diversified base of revenue generated at multiple points across the customer relationship and includes loan origination, lending and loan servicing.

The three core segments which Pepper Money operates in are as follows:

- **Mortgages:** financing residential home loans, small balance commercial real estate loans and SMSF mortgages;
- **Asset Finance:** financing a range of asset types for consumer and commercial customers; and
- **Loan and Other Servicing:** independent loan servicing for mortgages, asset finance and personal loans.

Pepper Money's operating model combines risk-based credit underwriting expertise with customer focused operations, servicing and collections management. Together these deliver strong performance in both the lending and servicing businesses across multiple asset classes from residential and commercial mortgages to consumer and commercial asset financing.

Presentation of financial information

Results and key financial drivers of the current and prior periods are set out in this Directors' Report and are on a Pro-forma basis, reflecting a post-tax one-off adjustment of $(0.2) million in relation to the acquisition of the Westpac RAMS Mortgage portfolio for which Pepper Money has been appointed servicer of the portfolio[3]. No Pro-forma adjustments were incurred in the prior comparable reporting period.

Dividends

The Board of Pepper Money declared a fully franked Final dividend of 7.8 cents per basic share on 19 February 2026.

The final dividend represents a payout ratio of 60.0% of the Pro-forma NPAT from the period 1 July 2025 to 31 December 2025, and is consistent with the payout ratio of 30.0% – 60.0% set under the current Board Dividend Policy[4].

The Record Date will be 13 March 2026. The payment date will be 16 April 2026.

The Final dividend has not been provided for in the financial report.

Further details on the dividend are provided in Section 6 of the Operational and Financial Review and in Note 3(H) of the Consolidated Financial Statements.

Operating and Financial Review

The Operating and Financial Review can be found on pages 14 to 62.

Governance and Risk

The Directors have the ultimate accountability for risk management in the organisation, including setting the risk appetite of the business (documented in the Risk Appetite Statement). Day-to-day responsibility for risk management is cascaded through the delegation of individual accountability, with reporting and escalation facilitated through Risk Governance structures. Policies, procedures, and limits are defined to ensure activities remain within an agreed level of risk. The Company's Governance and Risk frameworks are detailed in Section 7 of the Operational and Financial Review.

Pepper Money's Corporate Governance Statement 2025 can be found at: www.peppermoney.com.au/about/corporate-governance.

3. Announced 3 November 2025, Pepper Money Limited, as part of a Consortium, has agreed a transaction to acquire the $21+ billion Westpac RAMS mortgage portfolio. Pepper Money signed a binding Asset Sale Agreement ("ASA") to acquire the legal title to the loans and was appointed as servicer of the portfolio. Pepper Money also will take a small investment in the securitisation financing vehicle, which will acquire the interest in the loan Portfolio, alongside other members of the Consortium. The transaction is subject to conditions precedent and is expected complete in Q3 2026.
4. Refer Pepper Money Limited Annual Report 2023, page 42, released 29 February 2024 and Pepper Money Limited Prospectus – Initial Public Offering of Ordinary Shares. Section 4.10 page 181

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Sustainability Report (AASB S2)

The Group is classified as a Group 1 Reporting Entity under the *Corporations Act 2001* and therefore commenced mandatory climate-related financial reporting from January 1, 2025, as part of a new regulatory framework at enhancing transparency in sustainability practices. Refer to pages 92 to 122 for Pepper Money's Sustainability Report (AASB S2).

Environment, Social and Governance

The Group conducts business in a way that seeks to support a sustainable environment. Pepper Money is setting a transparent environment, social and governance performance reporting and targets as part of its sustainability commitment. The Company's CY2025 initiatives to reduce environmental impact and support social responsibilities are covered in Section 4 of the Operational and Financial Review.

Pepper Money's Environmental, Social and Governance Report can be found at www.peppermoney.com.au/about/corporate-governance.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Auditor independence

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 124 and forms part of this report.

Non-audit services

Deloitte Touche Tohmatsu are the Auditors of the consolidated entity and continue in office in accordance with section 327 of the *Corporations Act 2001*.

During the year, fees were paid or payable for non-audit services provided by the auditor of the consolidated entity, its related practices and non-related audit firms.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- none of the services undermine the general principles as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Details of the audit and non-audit fees paid or payable for services provided by the auditors are detailed in Note 17 to the Financial Report.

Insurance of officers and indemnities

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liabilities and the amount of the premium. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against liabilities incurred.

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Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Events since the end of the period

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Rounding of amounts

The Company is a company of a kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the Directors' report. Unless otherwise indicated, amounts in the Directors' report and full-year Financial Report have been rounded off in accordance with the instrument to the nearest million dollars.

Significant changes in the state of affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company during the year, except as otherwise noted in this report.

This report is signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001*.

Receipt of Indicative Non-binding offer to acquire 100% of the shares in Pepper Money Limited

On 9 February 2026, Pepper Money released an announcement to the ASX that it had received a confidential, non-binding and conditional proposal to acquire 100% of the shares in Pepper Money under a scheme of arrangement ("Indicative Proposal") from Challenger Limited (ASX:CGF) ("Challenger") under which Challenger and Pepper Group ANZ HoldCo Limited ("Pepper Group") will jointly acquire Pepper Money. Under the Indicative Proposal, Pepper Group will initially acquire an interest in the acquiring entity that is at least equal to its current interest in Pepper Money.

The Proposal offers Pepper Money shareholders (other than Pepper Group) cash consideration equal to $2.60 per share, less the CY2025 fully-franked Final dividend of 7.8cps and any special dividend paid or declared. The Pepper Money Board established an Independent Board Committee ("IBC") to assess this Indicative Proposal. After due consideration and acting in the interest of all Pepper Money shareholders, the IBC granted Challenger exclusivity to undertake confirmatory due diligence and progress relevant transaction documentation in order to present a more certain proposal.

Discussions are ongoing, however there is no certainty that a more certain proposal will be forthcoming or that the Indicative Proposal will result in a definitive agreement.

On behalf of the Directors of Pepper Money Limited.

Akiko Jackson
Chair

19 February 2026

Mario Rehayem
CEO and Director

19 February 2026

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Remuneration Report



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Letter from the Chair of the Remuneration and Nomination Committee



Dear Shareholders,

On behalf of the Board, I am pleased to present Pepper Money Limited's Remuneration Report for the financial year ended 31 December 2025. The Remuneration and Nomination Committee (RemCo) remains committed to maintaining a remuneration framework that supports sustainable long-term goals, aligns executive reward with shareholder outcomes, and enables the attraction and retention of high-calibre talent to deliver the Company's strategic objectives.

Context and Performance

Pepper Money delivered strong financial performance in CY2025 despite ongoing challenging macro-economic conditions. Over CY2025, the business achieved the highest reported Originations and AUM in our 25-year history. Originations grew by 47% on CY2024 to $10.3 billion, and Total AUM closed the year at a record $21.8 billion, up 14% on prior comparative period (PCP). Underlying profit, being Pro-forma Profit pre-Tax and Loan Loss Expense, grew to $237.4 million, up 13% on PCP. The growth in Originations and AUM, ongoing benefits derived from our scaled technology, and our disciplined cost management have contributed to Pro-forma Net Profit After Tax of $104.8 million for the year, increasing 7% on PCP. This performance has translated into meaningful value creation for our shareholders, with the Company returning fully franked dividends of 26.7[1] cents per share, or $118.6 million, to our shareholders for the Company's CY2025 performance.

CY2025 Remuneration Outcomes

Remuneration outcomes for Executive Key Management Personnel (KMP) in CY2025 reflect the RemCo's core principle of alignment between pay and performance. Short-Term Variable Remuneration (STVR) and Long-Term Variable Remuneration (LTVR) outcomes were determined based on the achievement of the specific objectives and performance measures each component is designed to deliver.

In determining these outcomes, the Committee considered overall Company performance, individual contributions, and external market conditions. Key outcomes included:

- Fixed remuneration: a 5% fixed pay increase was given to Executive KMP at the start of the year, taking into account Pepper Money's performance and market alignment. This follows a three-year period during which no fixed pay increases were awarded.
- STVR target: from 1 January 2025, STVR targets increased to 80% of fixed remuneration for the CEO (from 70%) and to 50% for the CFO (from 40%).
- STVR outcomes: STVR outcomes were 94% and 93% of maximum opportunity achieved for the CEO and CFO respectively. These outcomes were higher than the prior year reflecting the strong financial and non-financial results against key measures, including ESG-related objectives. Pepper Money exceeded all financial performance stretch targets, including Group Pro-forma NPAT and Return on Equity which exceeded stretch by 5bps. In addition, the CEO exceeded stretch performance on the Strategic Component, driven by strong material improvement in the Cost of Funds and the highly effective execution of the Company's capital management strategy. The CEO also achieved target-to-stretch performance on ESG-related metrics. The CFO achieved stretch performance for delivery of ESG reporting under AASB S2, implementation of AI-driven automation and benefits realisation, and ESG-related metrics, as well as financial targets shared with the CEO.

1. Fully franked dividend per share of 26.7 cps being 12.5cps Special dividend (declared 3 June 2025), Interim dividend 6.4 cps declared 21 August 2025 and 7.8 cps Final dividend for CY2025 declared 19 February 2026.

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- Deferred STVR: 35% of the STVR awarded for the CY2023 performance year, delivered in restricted rights, became unrestricted and exercisable at 31 December 2025.
- LTVR outcomes: for the CY2023 LTVR grant, a total of 50% vested. Over the three-year performance period to 31 December 2025, Total Shareholder Return (TSR) performance ranked at the 81.25th percentile relative to the comparator group, resulting in full vesting of the TSR tranche. The average Return on Equity (ROE) over the same period did not meet vesting thresholds, resulting in nil vesting for that tranche.

Further detail on STVR and LTVR performance outcomes can be found on pages 76 to 82.

The Board and the RemCo are satisfied that the remuneration outcomes appropriately reflect Company performance and are aligned with the interests and expectations of shareholders.

People and Culture Highlights

The RemCo has oversight of Pepper Money's people strategy and human resources practices. The Committee has always recognised the Company's culture as a critical source of competitive advantage, a key differentiator in attracting and retaining talent, and an important driver of organisational performance.

In support of Pepper Money's strategy and our focus on creating exceptional experiences for customers, partners and employees, key people and culture highlights for the year included:

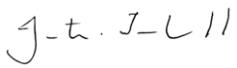
- Workforce Composition: The workforce comprised 53% women and 47% men as at 31 December 2025[2].
- Leadership representation[3]: Female representation of 49% of Senior Management roles, placing Pepper Money as the leader of female representation at its senior management levels amongst its peers within the industry.
- Employee Engagement Score[4] for CY2025 of 81 and Manager Impact Score[5] of 90 for CY2025 demonstrate a continued focus on culture and leadership capability.
- 100% retention of female Senior Managers and an overall retention rate of 95.4% of Senior Managers.
- Recognition as one of Australia's best lending employers in the Mortgage Professional Australia's Top Mortgage Employers List for the second time.
- Continued progress in narrowing the gender pay equity gap on a like-for-like basis compared to prior year.

Looking ahead

The RemCo will continue to focus on supporting market-leading experiences for customers, partners and employees, building a high-performing and scalable operating infrastructure, and protecting and strengthening the Pepper Money brand. Our objectives remain fairness, clear alignment between performance and reward, and the building of long-term business sustainability for the benefit of all stakeholders.

On behalf of the Board, thank you for your continued support and engagement.

Sincerely,



Justine Turnbull
Chair, Remuneration and Nomination Committee

19 February 2026

2. All FTEs for all business units - Australia, New Zealand and Philippines. As at 31 December 2025.
3. Includes all business units Senior Leaders – Australia, New Zealand and Philippines, as at 31 December 2025.
4. Annual Employee Engagement Survey conducted by VIVA Glint from 15 - 26 September 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.
5. Manager Impact Survey conducted by VIVA Glint from 16 - 27 June 2025. Represents a combined score for Australia, New Zealand and the Philippines, excluding Stratton Finance.

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1. Introduction

The Remuneration Report for the year ended 31 December 2025 forms part of the Directors' Report. It has been prepared in accordance with the *Corporations Act 2001* (Cth) (the Act) and AASB 124 *Related Party Disclosures* and has been audited as required by the Act.

This report also includes additional information and disclosures that are intended to provide shareholders with a deeper understanding of Pepper Money's remuneration governance and practices.

1.1. Key Management Personnel

This report covers Key Management Personnel ("KMP") who are defined as those who have the authority and responsibility for planning, directing and controlling the activities of Pepper Money Limited.

			Committee membership		
Name	**Role at Year-End**	**KMP in 2025**	**Audit & Risk**	**Remuneration & Nomination**	**Environmental, Social and Governance**
Non-Executive KMP					
Akiko Jackson	Chair and Independent Non-Executive Director	Full year	✓	✓	✓
Mike Cutter	Independent Non-Executive Director	Full year	C	S	✓
Des O'Shea	Non-Executive Director and Shareholder Representative	Full year	✓	✓	✓
Vaibhav Piplapure	Non-Executive Director and Shareholder Representative	Full year	S	S	S
Justine Turnbull	Independent Non-Executive Director	Full year	S	C	C
Rob Verlander	Independent Non-Executive Director	Full year	✓	✓	✓
Executive KMP					
Mario Rehayem	Chief Executive Officer	Full year	n/a	n/a	n/a
Therese McGrath	Chief Financial Officer	Full year	n/a	n/a	n/a

✓ = Member, C = Chair, S = Standing invitation to attend meetings.

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2. Remuneration snapshot and summary

2.1. Mission, values and remuneration principles

Pepper Money's remuneration framework is crafted to attract, retain, and motivate Pepper Money's Executives by providing competitive market remuneration. It is also designed to ensure alignment with the creation of sustained shareholder value and robust risk management practices.

Our Mission
Help people succeed

Our Values
Can Do | **Balanced** | **Real**

Pepper Money Remuneration Principles

Aligned with Shareholder Interests

Ensuring that Executive remuneration is closely tied to the interests and expectations of shareholders.

Transparent and Clear Communication

Maintaining openness and clarity in how remuneration policies and outcomes are communicated.

Aligned with Leadership Principles

Ensuring that remuneration practices reflect and support the Company's leadership values and principles.

Market Competitive

Offering competitive remuneration packages to attract and retain highly capable Executives.

Balanced and Performance-Based

Structuring remuneration so that a significant portion is at risk and only earned through outstanding performance.

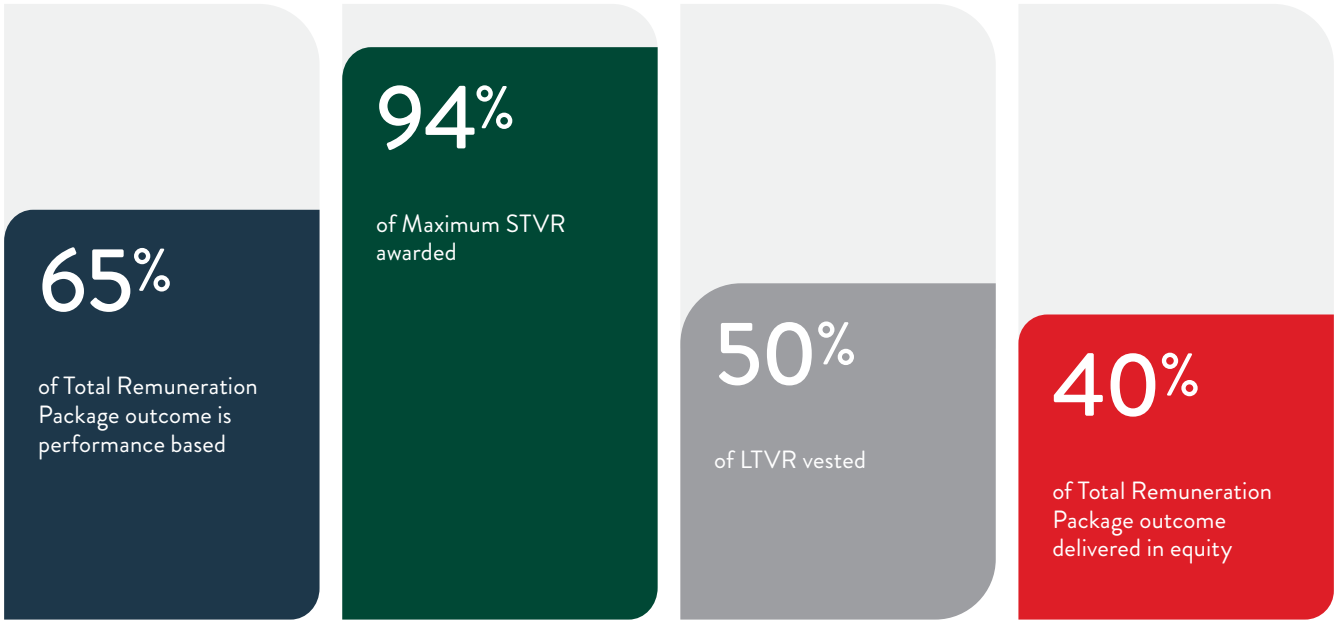
Focused on Risk Management

Implementing clear practices to minimise potential conflicts of interest and enable effective and aligned decision making.

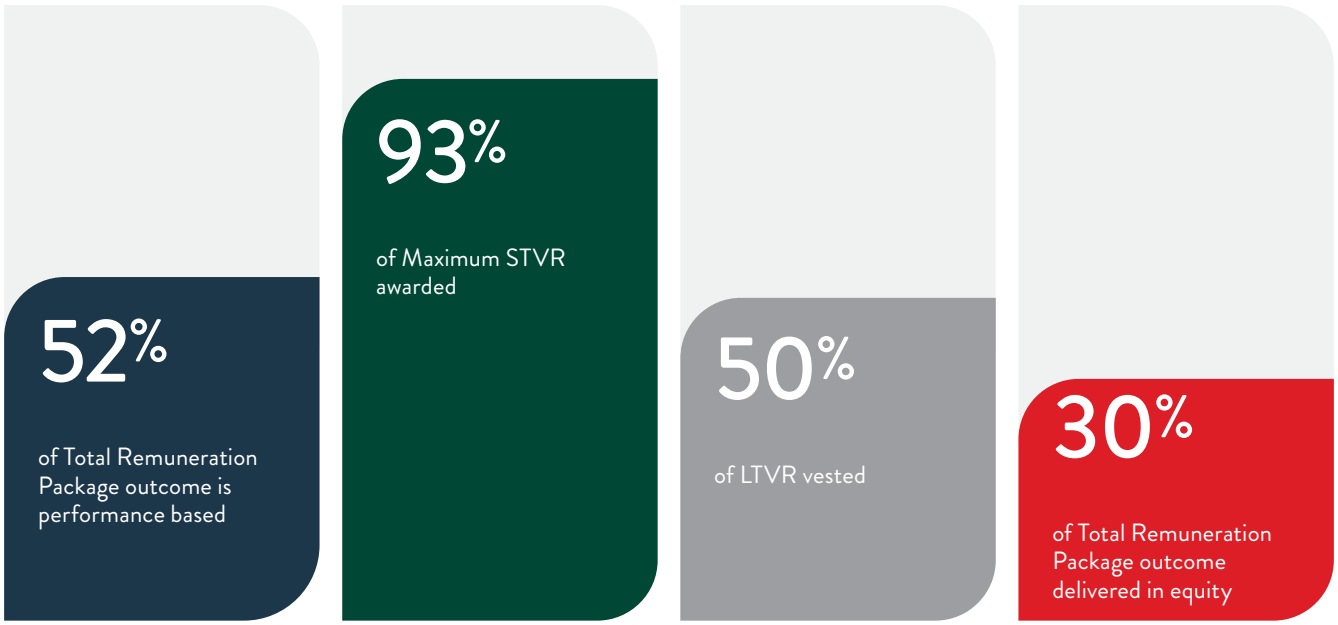
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2.2. CY2025 Executive KMP remuneration snapshot

CY2025 CEO Remuneration Snapshot



CY2025 CFO Remuneration Snapshot



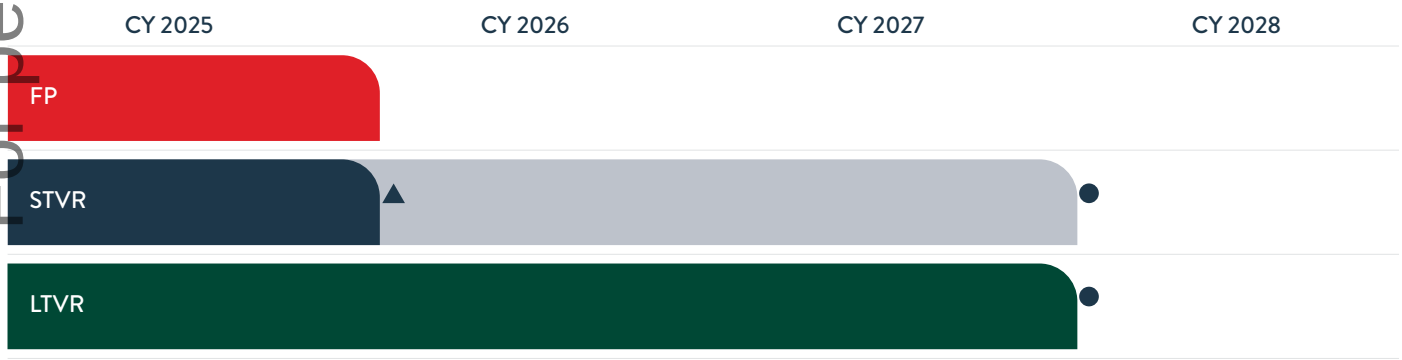
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2.3. Executive remuneration key features

The CY2025 remuneration framework for Executive KMPs is outlined below:

	Fixed Pay (FP)	Short Term Variable Remuneration (STVR)	Long Term Variable Remuneration(LTVR)
Purpose	To attract and retain highly capable executive talent.	To reward for short term execution of the business performance and strategic initiatives in the relevant financial year.	To reward for the execution of sustained long-term strategy and shareholder value.
Approach	Fixed remuneration is benchmarked against relevant comparator companies to maintain market competitiveness. This benchmarking process considers the relevant industry experience, impact levels and complexity of the roles, enabling a fair comparison.	STVR is linked to a balanced scorecard representing key strategic priorities aligned to deliver shareholder returns. Delivered as 65% cash and 35% deferred as restricted rights for 2 years.	LTVR offers an annual grant of Rights to receive Pepper Money Shares, subject to LTVR performance metrics over a 3-year measurement period.
Link to Performance	Motivation to drive a strong culture, aligned to values and deliver on business strategy and performance.	STVR scorecards are designed to include a mix of financial and non- financial performance targets for the relevant year: • Financial metrics (CEO: 60% and CFO: 50%) • Strategic metrics (CEO: 20% and CFO: 30%) • Individual metrics linked to ESG (20%)	LTVR is linked to three-year performance under: • Relative TSR: 40% • Earnings per Share (EPS): 40% • Service: 20%
Governance	The Board reviews the remuneration principles and framework and determines the STVR and LTVR outcomes for Executive KMP. These outcomes are subject to the Board's discretion, allowing for the reduction or forfeiture of any unvested awards if deemed inappropriate.		

2.4. CY2025 Remuneration timeline



▲ Cash payment ● Vesting

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3. Executive remuneration framework and outcomes

The Board and RemCo consider the remuneration outcomes for CY2025 to be well-aligned with stakeholder interests, reflecting both Company and individual performance against objectives, as well as progress towards strategic goals.

3.1. Fixed Pay increases

Executive KMP remuneration is benchmarked annually. For CY2025, a 5% increase in Fixed Pay was applied to the Chief Executive Officer and Chief Financial Officer. Additionally, the statutory superannuation contribution uplift from 11.5% to 12.0% applied from 30 June 2025. The Board considered the following reasons to support this increase:

- Strong Financial Performance: Pepper Money has demonstrated robust and consistent financial outcomes in 2024 and 2025.
- Market Alignment: the average forecast for CEO fixed pay increase was 5.0% for FY25[6], compared to an average increase of 3.7% in FY24.
- Historical Context: Executive KMP did not receive a fixed pay increase in the three years prior.

3.2. STVR plan summary and outcomes

The following table outlines the STVR that was offered in CY2025. STVR targets increased to 80% of fixed remuneration for the CEO (from 70%) and to 50% for the CFO (from 40%).

	Short Term Variable Remuneration (STVR)		
Purpose	To provide at-risk remuneration that rewards Executives for performance against annual objectives set by the Board at the beginning of the financial year. Objectives selected are designed to support value creation for shareholders, and link to strategy on an annual basis.		
Performance Period	One year from 1 January 2025 to 31 December 2025.		
Opportunity	The Board sets individual STVR opportunity as a percentage of Fixed Pay (FP). Individual performance is assessed against financial, strategic and operational Key Performance Indicators (KPI) on a scale of 0% to 150% of target.		
		Opportunity as % of FP	
		Target	**Stretch**
	Chief Executive Officer	80%	120%
	Chief Financial Officer	50%	75%
Instrument	• 65% in cash. • 35% of any STVR Award is to be settled in the form of a grant of Restricted Rights subject to an Exercise Restriction until the end of CY2027. Any grant of deferred STVR Restricted Rights will be calculated based on the volume-weighted average price of Pepper Money Shares over the 10 trading days following the release of the prior year financial statements.		

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6. FY: refers to fiscal year ending 30 June.

Outcome Metrics and Weightings

Short Term Variable Remuneration (STVR)	
For CY2025, the following metrics and weightings applied. These metrics were viewed by the RemCo as being the key drivers of value creation and capital management strategy, as applicable to the role, for CY2025.	
• For the CEO, Mario Rehayem: • Group Pro-forma NPAT – 40% • Return on Invested Capital (ROIC) – 10% • Return on Equity (ROE) – 10%	• Cost of funds optimisation – 5% • Funding and Capital Management – 10% • Business Re-engineering – 5% • Individual Effectiveness (including ESG–related metrics) – 20%
• For the CFO, Therese McGrath: • Group Pro-forma NPAT – 30% • Return on Invested Capital (ROIC) – 10% • Return on Equity (ROE) – 10% • Deliver AASB S2 (Climate) Reporting – 15%	• Deliver automation and AI benefits within Finance and Treasury Operations – 5% • Total Finance related operating expenses – 10% • Individual Effectiveness (including ESG-related metrics) – 20%
Gate/Modifier	Gate opener: CY2025 Pro forma NPAT threshold performance achieved. Risk modifier: Incorporates ESG-aligned factors to adjust the award upwards to maximum or downwards including to zero by reference to circumstances and management response, for any reportable regulatory breaches and compliance failures. Assessed by the Board Audit & Risk Committee ("BARC") considering the likely impact or actual consequences such as regulator imposed enforceable undertakings, regulator legal proceedings, fines and/or negative impact on Pepper Money's reputation.
Corporate Actions	For unpaid awards: in the event of a Change in Control (including a takeover) the Board has the discretion to: • terminate the plan and vest pro-rata awards based on the completed proportion of the Measurement Period, considering outcomes up to the date of the Change in Control; or • continue the STVR but make interim non-refundable pro-rata Awards based on the completed proportion of the Measurement Period, considering outcomes up to the date of the Change in Control; or • allow the STVR to continue without change. For deferred awards: Restricted Rights will cease to be subject to Exercise Restrictions prior to a return of capital or demerger, on the date determined by the Board.
Board Discretion	The Board has the discretion to vary awards upwards or downwards, including to nil, if the award is viewed as inappropriate given circumstances that prevail over the Measurement Period (such as in the case of harm to Pepper Money's stakeholders for which award participants are accountable).
Malus & Clawback	Pepper Money's Malus Policy applies to unpaid variable remuneration opportunities (including unpaid STVR and deferred remuneration (including deferred STVR)), while the Clawback Policy applies to deferred remuneration only (deferred STVR), that is, it does not apply to cash already paid.
Term and Lapse	The Term of the Restricted Right is 15 years from the Grant Date. Rights lapse automatically if not exercised prior to the end of the Term or when there is no further opportunity for them to vest.
Leaver provisions	Nil

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STVR outcomes for the Chief Executive Officer

	Metric/Measure	Weighting	Performance	Outcome (% of Target)	% of Target % Payable
Financial – 60%	**Group Pro-forma NPAT ($M)**				
	Group Pro-forma NPAT – excluding one off non-recurring items – provides the insight on the underlying performance for the period	40%	$104.8	▼150% Threshold 50% Target 100% Stretch 150%	60.0%
	Return on Invested Capital (ROIC)				
	Driving **portfolio ROIC** delivers ongoing improved returns to shareholders	10%	26.9%	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
	Return on Equity (ROE)				
	Measuring profitability in relation to shareholders' equity.	10%	0.5% above stretch	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
Strategy – 20%	**Strategic Objectives**				
	% Variance to Target for Cost of funds, and warehouse cost reduction, supports origination growth and improved operating margins	5%	Cost of funds performance was delivered above the approved target range, with outcomes assessed on a percentage variance basis in accordance with the agreed performance framework.	▼150% Threshold 50% Target 100% Stretch 150%	7.5%
	Funding and Capital Management	10%	Funding and capital management objectives were achieved through disciplined execution of approved funding strategies, supporting balance sheet and liquidity outcomes for the period.	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
	Business Re-engineering	5%	below threshold	▼0% Threshold 50% Target 100% Stretch 150%	0.0%
Individual – 20%	**Individual Effectiveness (linked to ESG)**				
	Social – Customer NPS	5%	Home Loan – Stretch Actual: 20 Industry average*: 18 Asset Finance – Stretch Actual: 35 Industry average*:15	▼150% Threshold 50% Target 100% Stretch 150%	7.5%
	Social – Leadership Effectiveness 1. Executive Engagement 2. Executive Attrition 3. Board 360	5%	1. Achieved Executive Engagement score of 98 2. Nil Executive Attrition 3. Board 360 result: 3.45 out of 4	▼133% Threshold 50% Target 100% Stretch 150%	6.7%
	Governance – Risk 1. Keep Pepper Safe KPI 2. Cyber Maturity Score 3. Regulatory reporting	10%	1. Keep Pepper Safe KPI met 2. Cyber maturity scores – Pepper Money: 2.07 out of 3 – Stratton Finance: 1.63 out of 3 3. Framework for change in 2027 reporting standards in place and parallel reporting run	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
	Total Weighting	**100%**		**Total % of Target achieved**	**141.7%**

* Source: Non Bank Lender Agile Intelligence March to October 2025.

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STVR outcomes for the Chief Financial Officer

	Metric/Measure	Weighting	Performance	Outcome (% of Target)	% of Target % Payable
Financial – 50%	**Group Pro-forma NPAT ($ Million)**				
	Group Pro-forma NPAT – excluding one off non-recurring items – provides the insight on the underlying performance for the period	30%	$104.8	▼150% Threshold 50% Target 100% Stretch 150%	45.0%
	Return on Invested Capital (ROIC)				
	Driving portfolio ROIC delivers ongoing improved returns to shareholders	10%	26.9%	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
	Return on Equity (ROE)				
	Measuring profitability in relation to shareholders' equity.	10%	0.5% above stretch	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
Strategy – 30%	**BU/Functional Objectives**				
	Deliver ESG AASB S2 (Climate) Reporting	15%	Climate strategy and related metrics reporting frameworks in place for reporting 1 January 2025 + Assurance	▼150% Threshold 50% Target 100% Stretch 150%	22.5%
	Deliver automation and AI benefits within Finance and Treasury Operations	5%	Processes mapped/ leaned with Treasury and automation opportunities commenced to deliver FTE savings over time	▼150% Threshold 50% Target 100% Stretch 150%	7.5%
	Total operating expenses ($M)	10%	Met threshold	▼50% Threshold 50% Target 100% Stretch 150%	5.0%
Individual – 20%	**Individual Effectiveness (linked to ESG)**				
	Social – Customer NPS	5%	Home Loan – Stretch Actual: 20 Industry average* : 18 Asset Finance – Stretch Actual: 35 Industry average* :15	▼150% Threshold 50% Target 100% Stretch 150%	7.5%
	Social – Leadership	5%	Achieved Manager Impact score of 88	▼150% Threshold 50% Target 100% Stretch 150%	7.5%
	Governance – Risk	10%	1. Keep Pepper Safe KPI met 2. No Tier 2 or key person losses 3. Framework for change in 2027 reporting standards in place and parallel reporting run	▼150% Threshold 50% Target 100% Stretch 150%	15.0%
	Total Weighting	**100%**		**Total % of Target achieved**	**140.0%**

* Source: Non Bank Lender Agile Intelligence March to October 2025.

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CY2025 STVR outcomes

	as % of target	as % of Fixed Pay	STVR award	Cash Payment	Deferred Amount
Mario Rehayem	142%	112%	$1,309,612	$851,248	$458,364
Therese McGrath	140%	70%	$539,975	$350,984	$188,991

3.3. LTVR plan summary and outcomes

The LTVR plan for CY2025 operated under the Pepper Money Limited Executive Rights Plan, described below:

	Long Term Variable Remuneration (LTVR)
Purpose	To create a strong link between performance and reward for Executives over the long term and align the interests of participants with those of stakeholders through share ownership and performance testing.
Performance Period	Three years: 1 January 2025 to 31 December 2027
Opportunity	The Board determines LTVR opportunity as a percentage of Fixed Pay (FP) converted to rights at face value based on the following formula: **Target LTVR $ x Tranche Weight at Target ÷ Right Value ÷ % Vesting at Target** where Right Value is based on the volume-weighted average price of Pepper Money Shares over the 10 trading days following the release of the CY2024 financial statements – Annual dividend x years to exercise.
Instrument	80% of the LTVR (TSR and EPS tranches) is delivered in Performance Rights with a nil Exercise Price, which are subject to performance and service vesting conditions. 20% of the LTVR (Service tranche) is delivered in Service Rights.
Outcome Metrics and Weightings	The Board has discretion to set Vesting Conditions for each tranche of each Invitation. For the CY2025 LTVR grants, the following Vesting Conditions applied: **Tranche 1 (40% weight at Target) is subject to a Relative Total Shareholder Return (TSR) vesting condition**. The vesting of such Performance Rights will be determined by comparing Pepper Money's TSR over CY2025 to CY2027 with the TSR of the peer group from the finance sector, according to the following vesting scale:

	Opportunity as % of FP	
	Target	**Stretch**
Chief Executive Officer	80%	144%
Chief Financial Officer	40%	72%

Performance Level	**PPM's Relative TSR Compared to the peer group**	**% of Tranche Vesting**
Stretch – Incentive/Upside	>= 75th percentile	100%
Between Target and Stretch	> 50th percentile and < 75th percentile	Pro-rata
Target – At-Risk	= 50th percentile	50%
Between Threshold and Target	> 35th percentile and < 50th percentile	Pro-rata
Threshold – Minimum Acceptable Outcome	= 35th percentile	25%
Below Threshold	< 35th percentile	0%

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	Long Term Variable Remuneration (LTVR)
Outcome Metrics and Weightings continued	TSR aligns Executives with shareholders and provides a clear incentive to outperform a peer group and maximise the return to shareholders. Executives have some influence on Relative TSR with the advantage that if external factors influence the peer group's share prices, Pepper Money will likely be similarly affected (positively or negatively). This metric was selected as the best measure of value creation for shareholders within Pepper Money's peer group. The peer group is defined at the start of CY2025 as follows:

Security	**Issuer Name**	**Security**	**Issuer Name**
ABA	Auswide Bank	LFG	Liberty Financial Group
AFG	Australian Finance Group	LFS	Latitude Group Holdings
FPR	Fleetpartners Group	MAF	MA Financial Group
HUM	Humm Group	RMC	Resimac Group
JDO	Judo Capital Holdings	ZIP	ZIP Co

Tranche 2 (40% weight at Target) is to be subject to a Company's Earnings Per Share (EPS) vesting condition:

EPS target is set annually. It is calculated as Statutory NPAT divided by the time weighted average number of shares ("WANOS") on issue over the Measurement Period.

The vesting of this Tranche will be calculated as one third x % vesting for year 1, one third x % vesting for year 2 and one third x % vesting for year 3. The EPS will be advised at the start of each year of the Measurement Period.

EPS directly measures the Company's profitability and provides an indicator of how much profit each outstanding share has earned. Additionally, it aligns with the Company's capital management strategy, creating a direct link between earnings and shareholder value.

Tranche 3 (20% weight at Target) is subject to Service. This vesting condition assesses whether the participants remain employed by the Group as at the end of the Measurement Period, and any termination prior to this date, for any reason, will result in full forfeiture of the Rights unless otherwise determined by the Board.

No retesting facility is available under the Rights Plan Rules.

This measurement acknowledges long-term commitment, fostering a stable and dedicated team to deliver our long-term strategy.

Gate/Modifier	The rating for Pepper Money's Risk measurement must be at least "meets expectations" in the final year of the measurement period. If this is not met, then nil vesting will occur.
Corporate Actions	In the case of a Change in Control, the default approach is for awards to remain on-foot with no change to the vesting timeline or conditions. In the case of delisting of Pepper Money's Shares, automatic vesting will occur based on the increase in the Share Price from the start of the Measurement Period for Rights with a nil Exercise Price, with Board discretion regarding the lapsing or vesting of any remaining Rights. In the case of a major return of capital or demerger, the Board has discretion to bring forward vesting or to alter the number of Rights or the Exercise Price, or to alter Vesting Conditions to ensure that the outcomes are fair to Participants. Following such an event, the share price is likely to be materially different from the basis of the grant, and performance conditions previously set may be unable to be met.

	Long Term Variable Remuneration (LTVR)
Board Discretion	The Board has discretion to vary vesting upwards or downwards, including to nil, in the circumstance that the outcome would otherwise be likely to be viewed as inappropriate given the circumstances that prevailed over the Measurement Period (such as in the case of harm to Pepper Money's stakeholders for which a Participant or Participants are accountable).
Malus & Clawback	Pepper Money's Malus Policy applies to unpaid variable remuneration opportunities (including unvested LTVR). LTVR grants are not subject to deferral following vesting, so cannot be clawed back, however, the pool of deferred STVR could be used as a source of clawback for overpaid LTVR.
Term and Lapse	The Term of the Right is 15 years from the Grant Date. Rights lapse automatically if not exercised prior to the end of the Term or when there is no further opportunity for them to vest.
Leaver provisions	Under the Rules, in addition to the performance conditions, continued service during the full first year of the Measurement Period is a requirement for all Rights to become eligible to vest for Tranche 1 and 2. Termination during the first year will result in pro-rata forfeiture for the incomplete portion of the year, unless otherwise determined by the Board. For Tranche 3 (Service Rights), continued service during the full Measurement Period is a requirement for Service Rights to become eligible to vest.

CY2025 LTVR outcomes: the 3-year measurement period for the CY2023 grant of LTVR has been completed.

- Average ROE achieved at 12.5%, resulting in nil vesting in LTVR ROE tranche.
- TSR is ranked in the 81.25th percentile in the comparator group, resulting in 100% vesting in LTVR TSR tranche.

Performance Hurdle	**Weighting**	**Threshold**	**Target**	**Stretch**	**Actual Performance**	**% of grant that vested**
ROE	50%	15%	17%	19%	12.5%	0%
Relative TSR	50%	35th percentile	50th percentile	75th percentile	81.25th percentile	100%

The LTVRs granted in CY2024 and CY2025 are still within the performance periods. The EPS performance hurdle for both grants was met in 2024 and 2025 respectively. The vesting outcomes will be assessed in the coming years.

3.4. Board discretion

The Board has not exercised any discretion in relation to STVR outcome or LTVR vesting.

3.5. Achieved Executive Remuneration

The remuneration mix for Executive KMPs, is weighted towards at-risk performance-based remuneration to ensure a strong focus on the Group's short-term and long-term strategic objectives. A portion of Executive remuneration is delivered in equity (deferred STVR and LTVR) to align our Executives with shareholder interests.

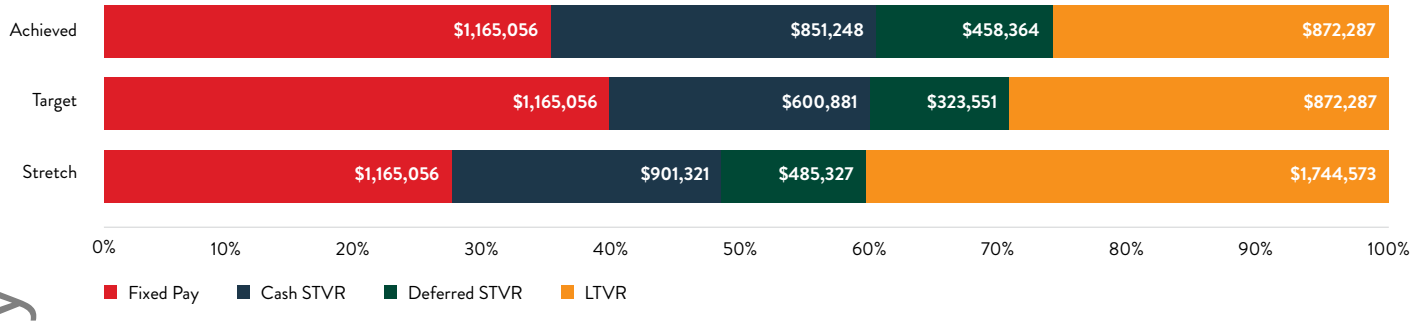
Chart A below outlines the remuneration opportunity under Pepper Money's Executive Remuneration structures, with outcomes dependent on performance over CY2025 for STVR and LTVR, and the "Achieved"[7] Remuneration payable in respect of the completed CY2025 year.

7. "Achieved" refers to:
   - Fixed Pay received in the current reporting period.
   - Cash STVR awarded in respect of the current reporting period.
   - Deferred STVR payable in respect of the current reporting period that is not subject to vesting conditions (i.e. awarded after the end of the year).
   - The portion of LTVR grant value that is due to vest in March 2026, following performance testing for the CY2023 to CY2025 Measurement Period.

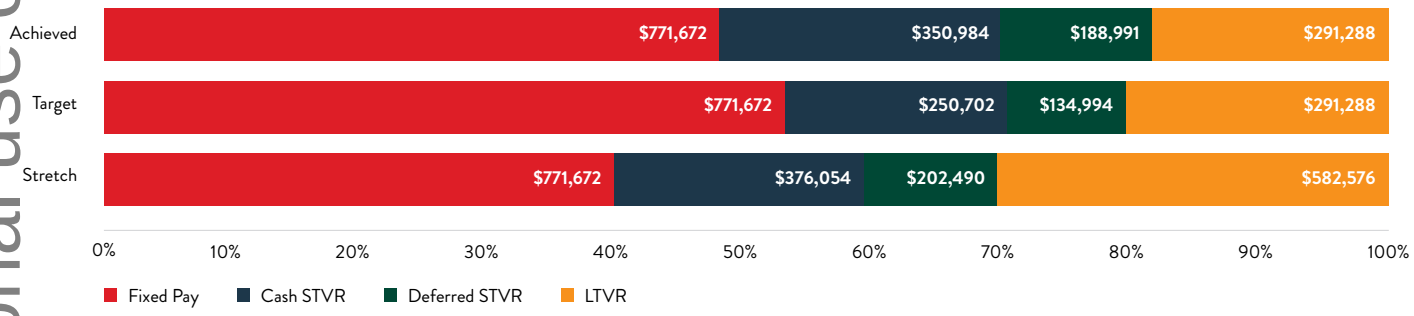
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Chart A – CY2025 Executive KMP Remuneration mix

CEO Remuneration mix



CFO Remuneration mix



3.6. Non-KMP Executive Remuneration

The Board has determined that the same remuneration policies, principles, processes and structures that are applied to KMP will apply to Executives who report to the CEO, who are not classified as KMP. This is intended to ensure that the Executive team is aligned with the interests of other stakeholders including shareholders. As appropriate, performance metrics and weightings are applied across the group to support that alignment, however, in the case of the STVR there is some variation to recognise differences in role responsibility and organisational impact below the Group level metrics.

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4. Non-Executive Director (NED) Remuneration

4.1. Fee Policy

Non-Executive Directors' fees are recommended by the Remuneration and Nomination Committee and determined by the Board. External advisors may be used to source the relevant data and commentary or to obtain independent recommendations, given the potential for a conflict of interest in the Board setting its own fees. The combination of cash Board Fees, equity (if any), Committee fees and benefits such as superannuation (together Board Package) is intended to align with the 50th percentile of the market benchmark.

Non-Executive Directors can elect how they wish to receive their fees – i.e. as cash, superannuation contributions or equity. To preserve independence and impartiality, Non-Executive Directors are not entitled to any form of variable remuneration payments, and the level of their fees is not set with reference to measures of Pepper Money's performance.

The Board Environmental, Social and Governance Committee (BESG Co) was established in June 2024 and held its first meeting on 2 December 2024. Payments to Committee members reflected in the CY2025 Remuneration Report were backdated to this date.

Role/Function	Board	Chair
Board Chair	$115,000	$119,000

Role/Function	Board	Audit & Risk Remuneration Committee	Remuneration & Nomination Committee	Environmental, Social and Governance Committee
Committee Chair	$115,000	$26,000	$26,000	$26,000
Committee Member	$115,000	$13,000	$13,000	$13,000

The total amount of fees paid to Non-Executive Directors for the year ending 31 December 2025 is within the aggregate amount of $1,221,000 per year. Grants of equity approved by shareholders are excluded from counting towards the aggregate Board Fees, in accordance with the ASX Listing Rules.

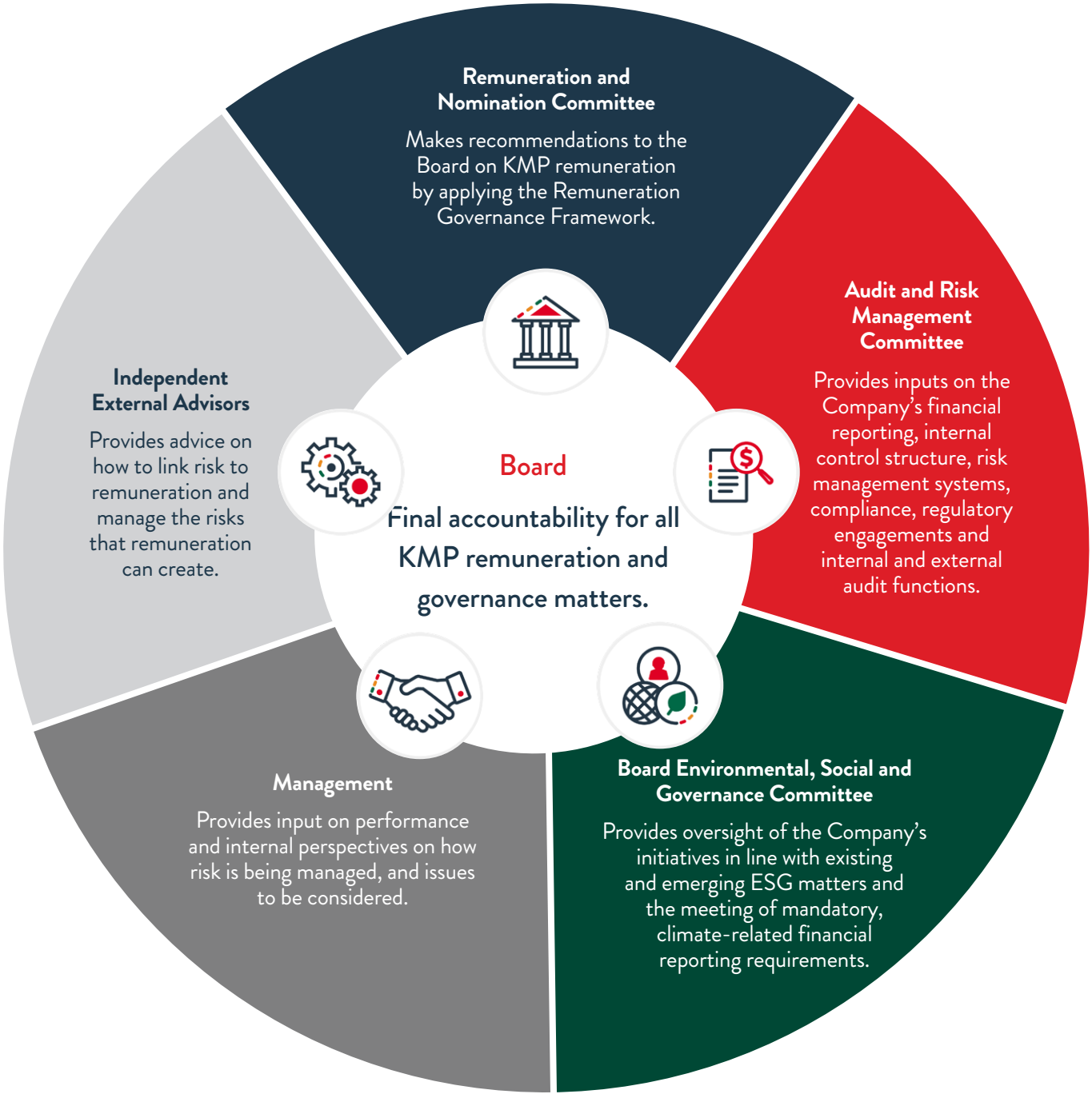
4.2. NED Fee Sacrifice Equity Plan

There were no grants under the NED Equity Plan in CY2025.

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5. Remuneration governance

The following graphic outlines the interaction between the Board, Committees, Management and external advisors when discussing remuneration strategy, framework and outcomes and highlights the intersection of the Remuneration Governance Framework and the Risk Management Framework:



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Remuneration and Nominations Committee Responsibilities

The RemCo is responsible for developing the remuneration strategy, framework and policies for NEDs, Executive KMP and, where appropriate, the Executive (non-KMP, direct reports to the CEO) for Board approval.

The responsibilities of the RemCo are outlined in the RemCo's Charter which is reviewed and approved annually by the Board. The primary accountabilities of the RemCo are as follows:

- Reviewing and recommending to the Board for approval Pepper Money's remuneration practices, which cover Executive KMP, other Executive members and all other Pepper Money employees.
- Reviewing and approving the Group's Scorecard, annual performance objectives and KPIs, Executive KMP and other Executives.
- Recommending to the Board for approval, CEO, Executive KMP and other Executives fixed pay increases and annual incentive payments.
- Reviewing and recommending to the Board any Director fee changes, including proposals regarding the Directors' aggregate fee pool.
- Reviewing and recommending to the Board the approval of the Code of Conduct and other key policies.
- Reviewing and recommending to the Board the approval of the Diversity Policy, including identification of measurable objectives for achieving Diversity goals (including beyond gender) and progress towards those objectives.
- Reviewing and approving processes and information on talent assessments, leadership development and succession planning.
- Reviewing processes and metrics for measuring culture and behaviours, including risk culture areas.
- Overseeing general people and culture practices including the risk of gender or other bias in remuneration.

The following summarises the key remuneration governance matters that were the focus of consideration in CY2025:

a. benchmarking Executive and Director remuneration against market comparator groups to inform quantum and mix decisions intended to meet strategy and market position;
b. development of STVR and LTVR plans intended to align performance with reward and to meet stakeholder expectations and relevant legislative requirements, including the focus on ESG;
c. equity structures that are compliant with governance requirements;
d. reviewing and adjusting performance hurdles and peer group for LTVR to better align management with shareholders and provide a clear incentive to outperform a peer group and maximise the return to shareholders.

5.1. KMP Service Agreements

Executive KMP Service Agreements

The following outlines current Executive KMP service agreements:

				Period of Notice		
Name	**Position Held at Close of CY2025**	**Employing Company**	**Contract Type**	**From Company**	**From KMP**	**Termination Payments**
Mario Rehayem	Chief Executive Officer	Pepper Money Limited	Permanent	12 months	12 months	n/a
Therese McGrath	Chief Financial Officer	Pepper Money Limited	Permanent	6 months	6 months	n/a

Non-Executive Directors (NEDs) Service Agreements

The appointment of Non-Executive Directors is subject to a letter of engagement. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to the NEDs.

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6. Other statutory disclosures

The following outlines Pepper Money's performance in CY2025, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

Table 1 – Statutory performance disclosure

CY End Date	Pro-forma NPAT ($M)1	Statutory NPAT ($M)	Share Price (beginning of period)	Share Price (end of period)	Change in Share Price $	Dividend per share (paid or declared for the period) $	Change in Shareholder Wealth (SP Change + Dividends) $ per share
31 December 2025	$104.8	$104.6	$1.41	$2.16	$0.75	$0.267	$1.017
31 December 2024	$98.2	$98.2	$1.23	$1.41	$0.18	$0.121	$0.296
31 December 2023	$111.1	$108.7	$1.42	$1.23	($0.19)	$0.085	($0.105)
31 December 2022	$142.0	$140.5	$2.16	$1.42	($0.74)	$0.105	($0.635)
31 December 2021	$141.9	$130.7	$2.61	$2.16	($0.45)	$0.090	($0.360)

1. For incentive purposes one-time items, such as impairment in equity investments, are removed from the NPAT calculations.

6.1. Executive KMP Statutory Remuneration for CY2025

The following table outlines the statutory remuneration of executive KMP:

Table 2 – Executive KMP statutory remuneration*

		Short term benefits			Post-employment benefits		Share-based Payments[1]			
	Year	Cash Salary[2]	STVR cash[3]	Non-monetary benefits[4]	Super-annuation benefits	Termination Benefits	STVR Deferral[5]	LTVR awards	One-off Equity Recognition Award	Total
Mario Rehayem	**CY2025**	**$1,118,390**	**$656,126**	**$16,700**	**$29,966**	–	**$252,441**	**$1,174,250**		**$3,247,874**
	CY2024	$1,052,279	$453,436	$16,700	$28,666	–	$251,441	$934,208	$748,260	$3,484,990
Therese McGrath	**CY2025**	**$675,587**	**$251,981**	**$16,700**	**$79,385**	–	**$96,949**	**$392,017**		**$1,512,618**
	CY2024	$643,909	$170,180	$16,700	$72,440	–	$94,369	$312,035	$499,922	$1,809,555

* Excludes annual leave and long service leave accrued.

1. The value of current year accruals represents the accounting value.
2. Includes the payment of cash allowances such as car allowance, annual leave cashout and cash amount equivalent to superannuation contribution exceeding the superannuation guarantee contribution cap, assessed quarterly.
3. Reflects 65% of STVR that was paid in cash in March 2025.
4. Non-monetary benefits may include items such as car parking, annual medical insurance and phone charges.
5. Reflects 35% of STVR granted as restricted rights, deferred for 2 years.

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6.2. NED statutory remuneration

The following table outlines the statutory and audited remuneration of NEDs:

Table 3 – NED statutory remuneration

	Year	Board Fees	Committee/ Chair Fees[1]	Super-annuation[2]	Other Benefits	Equity Grant Expense	Termination Benefits	Total
Akiko Jackson	**CY2025**	**$102,909**	**$156,382**	**$30,428**				**$289,719**
	CY2024	$103,371	$73,776	$20,011	–	–	–	$197,158
Des O'Shea[3]	**CY2025**	**$115,000**	**$26,000**					**$141,000**
	CY2024	$115,000	$26,000	–	–	–	–	$141,000
Mike Cutter	**CY2025**	**$102,909**	**$35,804**	**$16,296**	**–**	**–**	**–**	**$155,009**
	CY2024	$103,371	$23,371	$14,258	–	–	–	$141,000
Justine Turnbull	**CY2025**	**$102,909**	**$48,330**	**$17,765**	**–**	**–**	**–**	**$169,004**
	CY2024	$103,371	$23,371	$14,258	–	–	–	$141,000
Rob Verlander	**CY2025**	**$102,909**	**$35,804**	**$16,296**	**–**	**–**	**–**	**$155,009**
	CY2024	$103,371	$23,371	$14,258	–	–	–	$141,000
Vaibhav Piplapure[4]	**CY2025**	**$115,000**			**–**	**–**	**–**	**$115,000**
	CY2024	$67,083	–	–	–	–	–	$67,083

1. The first ESG committee meeting was held on 2 December 2024. The Committee members received their fees in January 2025.
2. Des O'shea and Vaibhav Poplapure are not entitled to Superannuation as they are located overseas.
3. The total remuneration for Des O'Shea was paid to Pepper Group ANZ Holdco Limited, which passed on the amount to him. The BESG committee fee will be paid retrospectively in February 2026.
4. Vaibhav Piplapure was appointed as Non-Executive Director and Shareholder Representative on 23 May 2024.

6.3. Other Statutory Disclosures

Loans to KMP and their related parties

During CY2025, no loans were made to KMP or related parties. In CY2021, a Management Loan of $3,132,712 was provided to Mario Rehayem. Refer page 179 of the Notes to the Financial Statements.

As at 31 December 2025, loans to Directors and their related parties of $3.7 million have been provided in the normal course of the Group's Mortgage and Asset Finance lending business. All loans are on arm's length commercial terms. Refer page 179 of the Notes to the Financial Statements.

Other transactions with KMP

There were no other disclosable transactions with KMP for CY2025.

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7. Other required disclosures

7.1. KMP equity interests and changes during CY2025

Movements in equity interests held by KMP during the reporting period, including their related parties, are set out below:

Table 4 – KMP equity movement

Name	Instrument	Balance 1 January 2025	Granted	Forfeited, cancelled or lapsed	Exercised or Shares received	Purchases (Sales)	Balance 31 December 2025	% of Holding Policy Met as at 31 December 2025
Executive KMP								
Mario Rehayem	Shares	3,011,766	–	–	958,612	–	3,970,378	824%
	Vested Rights	379,258	302,325	–	(207,038)	–	474,545	
	Unvested Rights	4,436,845	1,588,369	(972,757)	(751,574)	–	4,300,883	
Therese McGrath	Shares	382,310	–	–	546,023	–	928,333	310%
	Vested Rights	155,043	116,106	–	(90,407)	–	180,742	
	Unvested Rights	1,686,706	530,165	(325,299)	(455,616)	–	1,435,956	
Total		**10,051,928**	**2,536,965**	**(1,298,056)**	**–**	**–**	**11,290,837**	
Non-Executive KMP								
Akiko Jackson	Unrestricted Shares	34,603	–	–	–	–	34,603	140%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Des O'Shea	Unrestricted Shares	61,523	–	–	–	15,000	76,523	144%
	Restricted Shares	–	–	–	–	–	–	
	Restricted Rights	–	–	–	–	–	–	
Mike Cutter	Unrestricted Shares	17,302	–	–	–	–	17,302	107%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Justine Turnbull	Unrestricted Shares	10,000	–	–	–	–	10,000	94%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Rob Verlander	Unrestricted Shares	51,905	–	–	–	–	51,905	172%
	Restricted Shares	39,792	–	–	–	–	39,792	
	Restricted Rights	–	–	–	–	–	–	
Vaibhav Piplapure	Unrestricted Shares	–	–	–	–	–	–	0%
	Restricted Shares	–	–	–	–	–	–	
	Restricted Rights	–	–	–	–	–	–	
Total		**334,501**	**–**	**–**	**–**	**15,000**	**349,501**	

1. % of the holding policy met is calculated by reference to the number interests in full shares (including Vested but unexercised Rights with nil exercise price) held at the end of the financial year, multiplied by the closing share price for the year. CEO and CFO are required to accumulate and maintain significant holdings of 100% and 50% of their annualised fixed pay respectively in a maximum of three years. NEDs are required to accumulate and maintain significant holdings of no less than one year's Board Fees in a maximum of three years.
2. Vaibhav Piplapure's remuneration is paid to Pepper Group and treated as a recovery cost. Therefore, he is excluded from the minimum shareholding requirement.

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The following outlines the accounting values and potential future costs of equity remuneration for Executive KMP:

Table 5 – Executive KMP equity remuneration

Details of the rights granted as remuneration and held, and the applicable vesting profile as at 31 December 2025 for each Executive KMP is presented in the table below. Rights are granted for nil consideration (i.e. zero exercise price).

Name	Tranche	Type	Number granted	Vesting Conditions	Grant Date	Fair Value Each at Grant Date	Total Fair Value at Grant	Value Expensed in CY2025	Remaining Expense for future years
Mario Rehayem	CY2025 LTVR Performance Rights	LTVR	705,942	Relative TSR	26/5/2025	1.09	769,477	256,492	512,985
	CY2025 LTVR Performance Rights	LTVR	705,942	EPS	26/5/2025	1.34	945,962	315,321	630,642
	CY2025 LTVR Service Rights	LTVR	176,485	Service	26/5/2025	1.34	236,490	78,830	157,660
	CY2024 LTVR Performance Rights	LTVR	525,953	Relative TSR	10/7/2024	0.95	499,655	166,552	166,552
	CY2024 LTVR Performance Rights	LTVR	525,953	EPS	10/7/2024	1.18	620,625	206,875	206,875
	CY2024 LTVR Service Rights	LTVR	131,488	Service	10/7/2024	1.18	155,156	51,719	51,719
	CY2023 LTVR Performance Rights	LTVR	764,560	Relative TSR	7/6/2023	0.75	573,420	98,462	–
	CY2023 LTVR Performance Rights	LTVR	764,560	ROE	7/6/2023	1.08	825,725	–	–
	CY2025 Deferred STVR Restricted Rights	STVR	302,325	Exercise Restriction	26/5/2025	1.67	504,883	252,441	252,441
	CY2024 Deferred STVR Restricted Rights	STVR	172,220	Exercise Restriction	10/7/2024	1.46	251,441	–	–
Total			**4,775,428**				**5,382,833**	**1,426,692**	**1,978,873**

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Name	Tranche	Type	Number granted	Vesting Conditions	Grant Date	Fair Value Each at Grant Date	Total Fair Value at Grant	Value Expensed in CY2025	Remaining Expense for future years
Therese McGrath	CY2024 LTVR Performance Rights	LTVR	235,629	Relative TSR	26/5/2025	1.09	256,836	85,612	171,224
	CY2024 LTVR Performance Rights	LTVR	235,629	EPS	26/5/2025	1.34	315,743	105,248	210,495
	CY2024 LTVR Service Rights	LTVR	58,907	Service	26/5/2025	1.34	78,935	26,312	52,624
	CY2024 LTVR Performance Rights	LTVR	175,628	Relative TSR	10/7/2024	0.95	166,847	55,616	55,616
	CY2024 LTVR Performance Rights	LTVR	175,628	EPS	10/7/2024	1.18	207,241	69,080	69,080
	CY2024 LTVR Service Rights	LTVR	43,907	Service	10/7/2024	1.18	51,810	17,270	17,270
	CY2023 LTVR Performance Rights	LTVR	255,314	Relative TSR	7/6/2023	0.75	191,486	32,880	–
	CY2023 LTVR Performance Rights	LTVR	255,314	ROE	7/6/2023	1.08	275,739	–	–
	CY2025 Deferred STVR Restricted Rights	STVR	116,106	Exercise Restriction	26/5/2025	1.67	193,897	96,949	96,949
	CY2024 Deferred STVR Restricted Rights	STVR	64,636	Exercise Restriction	10/7/2024	1.46	94,369	–	–
Total			**1,616,698**				**1,832,902**	**488,966**	**673,257**

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Sustainability Report (AASB S2)



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Contents

93 Introduction
93 1. Basis of preparation
93 2. Overview of the Group and Value Chain
95 3. Organisational boundary
95 4. Judgements and measurement uncertainties
96 5. Governance
98 6. Strategy
113 7. Risk management
115 8. Metrics and targets
117 9. Events after the reporting period
118 Directors' Declaration
119 Auditor's Independent Assurance Report

Introduction

1. Basis of preparation

Compliance with Australian Sustainability Reporting Standards ("ASRS") as issued by the Australian Accounting Standards Board ("AASB")

The Sustainability Report of Pepper Money Limited ("Pepper Money" or "the Company") and its subsidiaries ("the Group") has been prepared in accordance with AASB S2 Climate-related disclosures ("AASB S2") and the *Corporations Act 2001*, and was approved and authorised for issue in accordance with a resolution of the Directors on 19 February 2026.

Connectivity with financial statements

The Sustainability Report has been prepared for the Group and should be read in conjunction with the Group's Consolidated financial statements prepared in accordance with AASB for the 12-month period for the year ended 31 December 2025. The climate-related financial disclosures cover the same 12-month period and reporting entities as the related Consolidated financial statements. In preparing its climate-related financial disclosures, the Group has assessed its strategy, operations and Value Chain.

First-time adoption of AASB S2 and transition reliefs

The Group is reporting under AASB S2 for the first time for its annual reporting period ending 31 December 2025.

AASB S2 provide transition reliefs for the first annual reporting period in which an entity applies the standard. Pepper Money has applied the following transition reliefs:

- relief from disclosing Scope 3 greenhouse gas emissions which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions; and
- relief from the requirement to disclose comparative information in the first reporting period.

2. Overview of the Group and Value Chain

2.1. Overview of the Group

Our Business Model

Pepper Money is one of the largest non-bank lenders in the Australian mortgage and asset finance markets. Pepper Money commenced business in Australia in 2000 as a provider of home loans to consumers who fall outside the lending criteria of traditional bank and non-bank lenders, otherwise known in Australia as the non-conforming or specialist mortgage market. Pepper Money has subsequently broadened its Australian business activities to also include the origination of prime residential mortgages, commercial real estate loans, mortgage loans to self-managed super funds ("SMSF"), auto and equipment finance, novated leases, and third party loan servicing. Pepper Money also provides residential mortgages in New Zealand.

Pepper Money's Business Model provides a diversified base of revenue generated at multiple points across the customer relationship and includes loan origination, lending and loan servicing.

The three core segments which Pepper Money operates in are as follows:

- **Mortgages:** financing residential home loans, small balance commercial real estate loans and SMSF mortgages;
- **Asset Finance:** financing a range of asset types for consumer and commercial customers; and
- **Loan and Other Servicing:** independent loan servicing for mortgages, asset finance and personal loans.

Pepper Money's operating model combines risk-based credit underwriting expertise with customer focused operations, servicing and collections management. Together these deliver strong performance in both the lending and servicing businesses across multiple asset classes from residential and commercial mortgages to consumer and commercial asset financing.

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Pepper Money operates across multiple international locations to support its business activities and service delivery. These operating locations are:

- **Australia** – serving as the primary operational and corporate hub for the business.
- **New Zealand** – supporting regional operations and customer services across the New Zealand market.
- **Philippines** – providing additional operational capabilities and support functions.

Our strategy and sustainability-related goals

Pepper Money's climate strategy is focused on resilience, responsible risk management, and customer support across its lending and servicing businesses. This is achieved by integrating climate-related considerations into core risk governance, credit decisioning, portfolio monitoring, and product design, and prioritising actions that safeguard customers, investors, and the long-term performance of the Mortgage and Asset Finance portfolios.

While the Group's direct operational emissions are not materially impactful, there are potential impacts of physical risks (extreme weather events) on lending portfolio assets and transition risks (macro-economic transition risk) on profitability. Pepper Money has considered these risks, informed by Value Chain risk assessment and scenario analysis, and implemented practical guardrails (e.g., product diversification, geographic dispersion and underwriting refinements) to ensure outcomes remain immaterial at a portfolio level and resilient across all time horizons.

Pepper Money currently finances sustainable assets, including electric vehicles ("EVs"). The Group's participation in these asset classes demonstrates responsiveness to evolving consumer preferences; however, these trends are not currently assessed to have a material impact on the Group's business prospects. The Group's primary financial exposure continues to arise from its lending activities and the credit performance of borrowers, rather than from the underlying security asset type, particularly in vehicle financing. The Group has considered potential opportunities associated with emerging consumer preferences. At this time, no climate-related opportunities were assessed as material in CY2025.

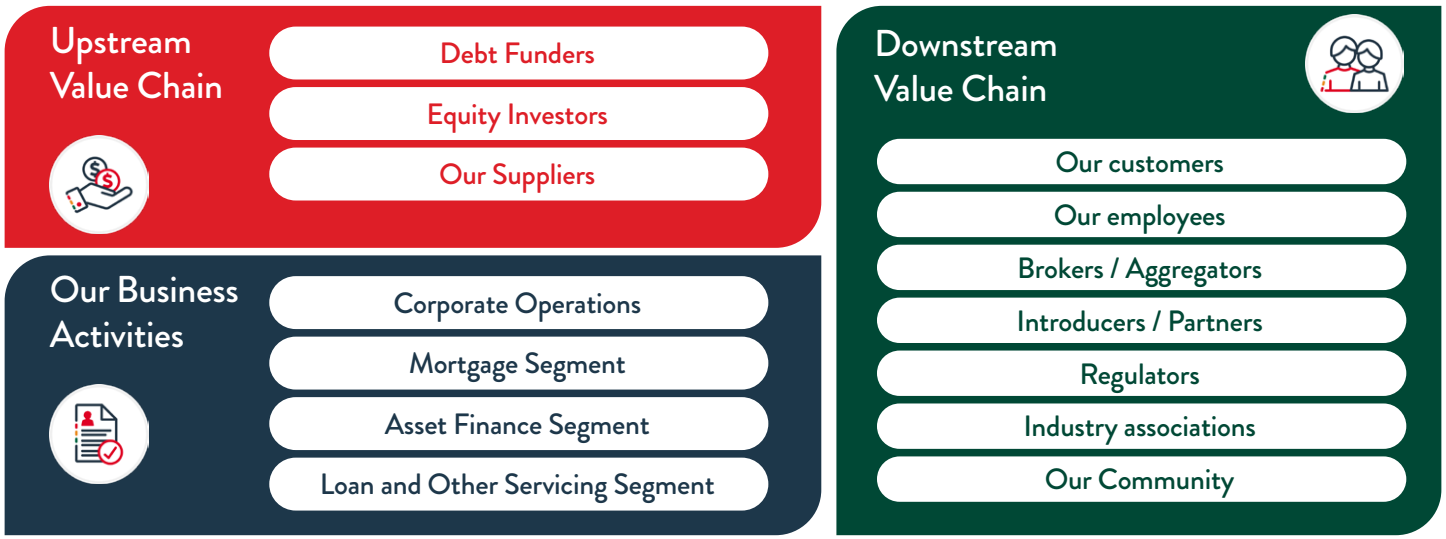
2.2. Our Value Chain

In 2025, Pepper conducted a Value Chain assessment to identify and evaluate its internal operations as well as material upstream and downstream activities.

In determining the Group's Value Chain, Pepper Money:

- considered the core functions of the business and their dependencies;
- qualitatively assessed the relative importance of the relationship to Pepper Money's organisation;
- aggregated risks together to reflect broader narrative trends; and
- engaged with business stakeholders for feedback and refinement.

Table 1: Pepper Money's Value Chain



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3. Organisational boundary

The Group applies the operational control approach when defining its greenhouse gas ("GHG") emissions boundary, which requires entities to report emissions from facilities where they have the authority to implement operating, health and safety, or environmental policies. As a non-bank lender, the Group does not exercise day to day operational authority over financed or secured assets, and therefore reports only those emissions it can directly influence – such as those arising from offices, data centres and corporate activities – in line with the GHG Protocol's definition of operational control.[1]

4. Judgements and measurement uncertainty

In the process of preparing this Sustainability Report, Management has exercised judgement in a number of areas, including the process of identifying climate-related risks and opportunities and identifying material information to report. Additionally, the preparation of this Report requires the use of estimates for certain amounts which cannot be measured directly. Estimates have been made where the sustainability information is related to forward-looking information or involves data limitations.

Outlined below are the most critical judgements made by Management in preparing this Sustainability Report, as well as amounts that are subject to a high degree of measurement uncertainty. The detail of the judgement made, or the source of estimation uncertainty is included in the Section disclosure referenced.

Significant judgement

	Description	Section reference
Materiality and risk identification processes	The Group recognises that uncertainty exists in the assessment of future risk from climate-related events. **Risk identification** Management has exercised significant judgement in assessing and identifying climate risks and opportunities that could be reasonably expected to affect the Group's prospects by using supporting data where available and practical. The process that the Group followed in making the assessment of what information could reasonably impact the Group's prospects and influence decisions of primary users is detailed in Section 6.1. **Materiality** The Group assessed the materiality of climate-related risks and opportunities by evaluating their likelihood and potential impact across financial, customer, regulatory, operational and reputational dimensions, using the Group's existing Risk Management Framework ("RMF") (Section 7.1). Financial impacts were considered over short, medium and long term horizons aligned to Pepper Money's strategic planning cycles. Climate topics with the greatest potential to influence financial performance, financial position or cash flows were prioritised for deeper analysis and disclosure. The assessment incorporated both quantitative data available to the Group and qualitative management judgement where needed.	Climate risk materiality assessment (Section 6.1) Risk management (Section 7)

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1. A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation - GHG Protocol.

Measurement uncertainty

	Description	Section reference
GHG-related metrics	The Group measures its GHG emissions in accordance with the GHG Protocol. The related disclosed metrics are subject to inherent uncertainties arising from reliance on activity data and emissions factors obtained from third parties. Where activity data and emission factors cannot be obtained on a timely basis, or are incomplete, estimation is used.	Metrics and targets (Section 8)
Climate physical risk	The Group recognises that the risks associated with future climate physical events are highly uncertain. Differences in government adoption policies, heating pathways, and inter-variability in natural disasters could all have an impact on the Group's anticipated prospects. The Group has taken reasonable steps to assess the impact of these events on the Business Model and Value Chain, and quantify impacts on the financial performance, financial position and cash flows over the time horizons defined in Section 6.3.	Forward-looking statements (inside front cover) Strategy (Section 6)
Climate transition risks	The Group recognises that transition risks are dependent on factors outside of its direct control (including government policy, consumer preference, technology uptake, and regulatory action). Therefore, these are difficult to model and rely on qualitative information to reasonably assess. The Group has taken reasonable steps to estimate the impact of transition risks on its financial performance, financial position and cash flows over the time horizons defined in Section 6.3.	Forward-looking statements (inside front cover) Strategy (Section 6)

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5. Governance

Pepper Money's governance framework embeds climate-related risks and opportunities within its broader corporate governance structure. The Board holds the ultimate responsibility for overseeing these climate-related risks and opportunities including setting strategic direction, approving climate-related targets (if any) and metrics, and monitoring performance against any approved targets to ensure alignment with the Group's strategy and risk appetite.

To discharge these responsibilities, the Board delegates specific climate-related oversight to Committees as outlined in their Charters:

- The **Board Environmental, Social and Governance Committee ("BESG Co")** is responsible for providing oversight and feedback on the preparation of climate-related financial disclosures including proper verification and sign-off. BESG Co further oversees climate risk assessments and the integration of identified risks and opportunities into the Group's strategy.
- The **Board Audit and Risk Committee ("BARC")** monitors the identification, assessment, and management of material climate-related risks within Pepper Money's RMF.
- The **Board Remuneration and Nomination Committee ("RemCo")** ensures that the Group's Executive remuneration framework incorporates any ESG-related performance measures approved by the Board and assists the Board in the consideration and potential implementation of climate-related targets for remuneration.

BESG Co and BARC work together to provide a consistent and integrated approach to climate governance across the Group. BESG Co focuses on assisting the Board on strategic alignment and meeting climate-related disclosure obligations, while BARC assists the Board in respect to climate-related risk identification and management within the RMF. Insights from BARC's climate risk assessments inform BESG Co's oversight of disclosures and strategic integration, allowing for climate-related risks and opportunities to be addressed holistically across governance, risk, and compliance processes. This collaboration is reinforced through information sharing between the two Committees, as well as cross membership of the Committees by Directors.

Through these Committees, and via updates and papers, the Board ensures that any material climate-related risks and opportunities identified by the BARC or BESG Co are integrated into the Group's strategic planning, major transactions, and enterprise risk management processes. The Board also reviews and approves mandatory climate-related financial disclosures to confirm compliance with regulatory requirements. While climate-specific targets are not currently in place, the Board has approved other ESG-related metrics, detailed in the Environmental, Social and Governance ("ESG") Report 2025, which is included as part of the Group's 2025 annual reporting suite.

5.1. Board composition, expertise, skills and training

The Board comprises predominantly independent Non-Executive Directors who bring a diverse mix of experience, skills and perspectives. To ensure the Board collectively maintains the capabilities required for effective oversight, a Board Skills Matrix is used to map key competencies.

In 2025, Pepper Money enhanced its directors' climate-related knowledge and competencies through in-depth briefings by external experts and updates from the internal ESG Working Group. To support informed decision-making, the BESG Co and the BARC receive specialist presentations on material topics, including global sustainability trends, regulatory developments and technical climate-related matters.

This process assists the Board in determining whether appropriate skills and capabilities are in place or need to be developed to oversee strategies addressing climate-related risks and opportunities.

5.2. Climate updates and strategic integration

Pepper Money's governance framework ensures that climate-related opportunities and risks are considered at both Board and Management levels.

The BESG Co meets at least three times annually, convening four times in 2025. At each meeting, Management provided structured updates covering climate governance, scenario analysis, material risk assessment, and developments in disclosure standards. Over 2025, particular focus was given to the anticipated implementation of AASB S2 and its implications for reporting and strategic positioning.

The Board is informed of climate-related opportunities and risks when there are material developments or matters requiring its attention, through referrals from the BESG Co and Management. This ensures that climate considerations are embedded in the Board's strategic oversight and decision-making processes. The Board's Charter states that the Board is responsible for evaluating trade-offs associated with climate-related risks and opportunities, particularly in the context of strategic planning, major transactions, and long-term value creation.

In 2025, the Board and Board Committees reviewed and updated their relevant charters to include climate-related considerations and matters.

The BARC Charter includes climate-related risk as a formal consideration, and the BARC works with BESG Co to incorporate any identified climate risks into enterprise-wide processes. Both Committees review and update risk policies when there are material changes or developments that warrant updates, to ensure alignment with evolving climate-related risks and regulatory expectations.

Table 2: Summary of the climate-related agenda items at our CY2025 BESG Co meetings

BESG Co CY2025 Overview

Q1	Q2	Q3	Q4
Externally presented education session for Directors on climate-related disclosure, regulatory requirements and Director's duties.	Progress update on BESG Co Charter.	Endorsement of updated BESG Co Charter.	Reviewed and approved climate risk quantification approach.
Review and update of BESG Co Charter to better reflect climate-related roles and responsibilities.	Update from ESG Working Group on impact pathways, scenario analysis, Scope 1 and 2 emissions, and assurance timeline for climate-related disclosures.	External audit update on climate reporting assurance.	Received a regulatory update on climate matters.
Oversight of Management-level ESG (including climate-related) roles and responsibilities.		Assessment of climate-related risks and opportunities, including materiality assessment on key value chain activities, time horizon determinations, scenario modelling and selection.	Discussed draft Sustainability Reporting.
		Acquisition of third-party climate data.	
		Integration of climate-related risk assessment into the Group's Risk Management Framework.	

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5.3. Management's role and accountability

Pepper Money has established a Management Environmental, Social and Governance Committee ("MESG Co"), chaired by the Group's Chief Financial Officer ("CFO"), which is responsible for implementing ESG strategies, including climate-related risks and opportunities. MESG Co's functions also include reviewing Pepper Money's environmental, social and sustainability priorities and commitments. The MESG Co meets four times annually in accordance with the MESG Co Charter.

The MESG Co is made up of Executives from across the business who bring extensive experience within their respective areas and deep knowledge of the Group. The collective expertise ensures that the Committee is well-equipped to oversee the implementation of strategies designed to respond to climate-related risks and opportunities within their different areas of the business.

To support its oversight role, MESG Co receives presentations and updates from the ESG Working Group at each meeting. The MESG Co facilitates the integration of climate-related risks and opportunities into the Group's operating framework and monitors progress against established priorities and commitments. MESG Co reports to the Board through the BESG Co, providing updates via formal papers and presentations at BESG Co meetings.

5.4. Incentives and remuneration

Pepper Money does not currently set climate-specific targets, and Executive remuneration policies do not directly reflect climate-related risks or opportunities. Broader ESG performance measures are incorporated into Short-Term Variable Remuneration ("STVR") for all eligible employees. For the CFO, 15% of STVR outcomes is allocated to the delivery of ESG AASB S2 reporting. Refer to the Remuneration Report 2025, for details on Pepper Money's Executive Remuneration Framework.

The BESG Co, in conjunction with the RemCo, will oversee the integration of climate-related considerations (if any) into Executive remuneration policies including the setting of targets related to climate-related risks and opportunities and monitoring progress towards those targets.

6. Strategy

6.1. Climate risk materiality assessment

In 2025, Pepper Money undertook a climate risk materiality assessment to better understand how climate-related risks and opportunities could influence its Business Model, operations, and financial performance over the time horizons defined in Section 6.3. The assessment was designed to identify the most relevant climate-related risks and opportunities across the group's Value Chain, define time horizons aligned with the Group's planning cycles, and evaluate the potential impacts under a range of plausible climate scenarios. This work supports the Group's broader commitment to responsible climate-related risk management, long term resilience, and transparent disclosure of how climate considerations are integrated into strategy and operations.

Pepper Money's assessment commenced with an impact pathway analysis across five key Value Chain activities identified that support the Group's Business Model and drive financial performance:

- Mortgage lending portfolio.
- Asset Finance (vehicle/equipment) lending portfolio.
- Loan servicing and operations.
- Funding (debt and equity investors).
- Corporate functions and employees.

For each of these activities, relevant climate-related risk factors were identified, including physical risks such as severe weather events, and macro-economic transition risks driven by shifts in policy, regulation, market expectations and stakeholder sentiment. Potential opportunities were also considered, including the growing demand for climate mitigation financing. Management was engaged to validate the relevance and implications of identified risks and opportunities, ensuring the assessment was based on a clear understanding of how climate-related factors could influence the Group's operations, customers, and strategic direction, and ultimately affect the Group's financial performance, position and cash flows.

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For each identified climate-related risk or opportunity, the Group assessed its potential significance by evaluating both the likelihood of occurrence and the magnitude of impact across financial, customer, regulatory, operational and reputational dimensions. These assessments were conducted leveraging the Group's existing RMF (Section 7). Financial impacts were assessed over short, medium, and long term horizons (Section 6.3), aligned with Pepper Money's strategic planning periods and allowing for meaningful climate-related outcomes to be assessed. Climate topics considered likely to materially influence financial performance, operations, or reputation were prioritised for further analysis and disclosure. The assessment reflected both quantitative insights using data available to the Group, and qualitative considerations where Management judgement was applied. The aim of the process was to identify information on climate-related factors that could reasonably be expected to affect the Group's performance over time and influence decisions made by primary users of general-purpose financial reports. Management focused specifically on existing and potential investors, lenders and other creditors in general.

The assessment process was performed by the ESG Working Group, and with the endorsement of the MESG Co and the process and outcomes approved by the BESG Co.

6.2. Scenario selection

Pepper Money's scenario analysis has been designed to complement the climate-related risk assessment on the Business Model and Value Chain and test the resilience of the business. This integrated approach enabled a more complete understanding of how climate-related risks and opportunities could affect the Group's performance over time.

To cover both extremes[2] and an intermediate and most probable baseline scenario, the Group has chosen three scenarios:

- **Scenario 1 (High transition risk / Low physical risk)** assumes an accelerated global transition, in which governments implement policies consistent with achieving net zero emissions by 2050 and global warming is limited to approximately 1.5°C, broadly aligned with the objectives of the Paris Agreement.
- **Scenario 2 (Intermediate)** reflects a moderate emissions trajectory and represents the Group's current central estimate of the most probable pathway, based on anticipated policy, market and technological developments.
- **Scenario 3 (High physical risk / Low transition risk)** assumes a delayed and fragmented global response to climate change, with limited policy intervention and insufficient mitigation and adaptation measures, resulting in higher physical climate risks over time.

To support the analysis of transition risks quantitatively, the Group has selected scenarios from the Network for Greening the Financial System ("NGFS") Phase V to assess and quantify transition risk impacts. The NGFS framework incorporates climate-related and macro-financial variables across multiple models and regions. To translate these into financial implications, Pepper Money utilised the National Institute Global Econometric Model ("NiGEM"), which projects macro-economic outcomes under varying climate policy assumptions. These outcomes include changes in interest rates, inflation, and other economic indicators that influence the Group's financial position, performance, and cash flows. While NGFS scenarios include both transition and physical risks, the modelling does not allow for physical risks to be separately identified and excluded. Accordingly, the results primarily reflect transition risk but may contain residual physical risk effects.

The Group has separately quantified physical risks by adopting the Representative Concentration Pathways ("RCP") scenarios developed by the Intergovernmental Panel on Climate Change ("IPCC") for its Fifth Assessment Report ("AR5").

Summary of scenario selection and methodology adopted for quantification:

	Scenario 1 (High transition risk / Low physical risk)	**Scenario 2 (Intermediate)**	**Scenario 3 (High physical risk / Low transition risk)**
NGFS (Transition risks)	Net Zero 2050	Nationally Determined Contributions ("NDC")	Current Policies
RCP (Physical risks)	RCP 2.6	RCP 4.5	RCP 8.5

The outcomes of the scenario analysis can be found in the Climate resilience section of this Report (Section 6.5).

2. In alignment with the requirements set out in the *Corporations Act 2001* – Section 296D.

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6.3. Time horizons

Pepper Money has defined the time horizons based on when the climate-related factors could reasonably be expected to occur. As at 31 December 2025, the following time horizons were identified:

- **Short term (0 – 12 months)** – the operational Budget is approved by the Board annually with specific focus on targets and deliverables in the oncoming year.
- **Medium term (1 – 5 years)** – aligns to the Group's strategic plan horizon of 5 years.
- **Long term (up to 25 years)** – aligns with the maturity of Pepper Money's Mortgage business segment and allows for meaningful outcomes of climate-related physical risk impacts in the scenarios to develop.

6.4. Climate-related risks:

Pepper Money has identified the following climate-related risks that could be reasonably expected to affect the Group's prospects:

- Extreme weather events – Physical.
- Macro-economic transition risk – Transition.

An increase in frequency and severity of extreme weather events across insured (bushfire, flood, cyclone and storms) and uninsured perils (coastal inundation and coastal erosion) may impact the security underpinning each mortgage or asset finance loan contract, particularly where a shortfall in insurance is present impacting the borrower's ability to repay the loan liability. Transition risks will have a broader impact on the economy by driving up implied carbon prices placing upward pressure on key macro-economic variables such as inflation and cash rates that can impact Pepper Money's profitability. These outcomes could reasonably be expected to be more material in the medium to long term time horizons.

6.4.1. Physical risks:

a. Description of risk

Extreme weather events have the potential to adversely affect customers' income, asset valuations, and cause damage to assets. Such events may lead to increased financial stress for customers, reduced collateral values, and higher insurance premiums or limited coverage availability, which could in turn impact the borrowers' ability to meet repayment obligations. These events span both insured perils (bushfire, flood, cyclone and storm) and uninsured perils (coastal inundation and coastal erosion).

b. Effects on Business Model and Value Chain

Lending portfolio and customers:

The Group expects extreme weather events to have minimal impact on its Australian Residential Mortgages[3] portfolio and the Asset Finance portfolio, and its customers in the short to medium term. Concentration risk is minimal due to the geographic dispersion of customers and asset locations. More material impacts are expected in the long term, specifically the impacts to downstream customers if climate events become more severe and the rate of occurrence increases. Assets subject to high risk climate factor exposures have a higher risk of damage from acute physical events which, depending on the appropriate level of insurance coverage, can have an impact on the borrowers' ability to repay their loan, giving rise to probability of default and loss given default. This can impact the Group's ability to recover the debt outstanding on the security on the loan.

Business Model:

Pepper Money expects that the impact of physical risks will be insignificant on the Business Model – earning income through the provisioning of lending and servicing activities – in the short to medium term but expects changes to credit assessment policies and portfolio monitoring in the long term to minimise the impact of physical risks.

Operating offices:

Physical risks have less impact on the Group's business operations as the geographical locations of the Group's offices are less susceptible to acute physical risks resulting in severe damage. Pepper Money has adequately reduced the disruption to operations through the development and implementation of its business continuity plan ("BCP") that enable and support employees to conduct business operations remotely, as part of the work from home option.

3. Australian Commercial Real Estate and New Zealand Mortgages are 7% and 4% (total 11%) of Total Mortgages Lending AUM at December 2025 and deemed not to be material in this assessment.

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The Group's operating locations include:

- Australia.
- New Zealand.
- The Philippines.

In CY2025, the Philippines office was subject to three typhoon events and the impact was minimal. These events did not cause major disruptions to Pepper Money's operations as a result of the following business resilience measures:

- Activation of the BCP for the Manila office;
- Work from home directions and emergency guidance;
- Guidance to complete 'work from home' assessments and use of ergonomic set-ups;
- Real-time updates sent to employees through corporate communications channels; and
- Check-ins with affected employees including allowances for compassionate leave and flexible work schedules.

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c. Effects on strategy and decision-making

Current and anticipated changes to Business Model and resource allocation

There is no material impact on the Group's financial outcomes in the short term arising from acute physical risks.

The Group anticipates that, over the medium to long term, adjustments to its lending portfolio may be required to address the increasing severity and likelihood of acute physical events. These adjustments are expected to include enhanced integration of climate-related risk metrics into credit assessment policies and portfolio monitoring processes. In addition, an increase in hardship requests may place additional demands on customer contact and servicing centres. The Group will invest in the acquisition of external data to support and enrich assessment and analysis of physical risk impacts. Resource allocation continues to prioritise internal funding and leverage existing human resources to implement these measures and respond effectively to emerging needs.

Direct mitigation and adaptation efforts

The Group supports customer financial resilience through hardship assistance programs. Measures, such as short message service ("SMS") engagement following natural disaster events, are implemented to offer hardship support and mitigate potential credit risk.

To ensure operational continuity, all employees have access to resources and technology that enable remote working in the event of physical disruptions, minimising business interruption.

The Group anticipates in its forward-looking strategy to incentivise property-level resilience upgrades to include:

- Installing flood barriers;
- Elevating homes in flood-prone areas;
- Supporting retrofits for bushfire resilience; and
- Reinforcing roofs to withstand cyclones.

These measures directly reduce the physical impact of extreme weather events on the property and by extension the borrower's exposure.

Indirect mitigation and adaptation efforts

Current mitigation efforts include active monitoring of geographic concentration of the lending portfolio to reduce exposure to areas vulnerable to insured and uninsured perils and reduce concentration risk.

Portfolio assessment by specific peril and risk banding are prepared to monitor exposure. Those properties and assets in high risk areas are identified to understand risk exposure. Mitigations that could be adopted include annual insurance verification of borrowers, including protecting against specific physical risks as part of the loan conditions.

The Group anticipates adaptation measures to include ongoing refinement of underwriting processes to incorporate climate-related risk indicators into property valuation models to steer lending towards more resilient assets.

Climate-related transition plan and key assumptions

Pepper Money's forward-looking strategy includes continued integration of climate considerations into risk governance and credit decision-making. The Group anticipates that physical risk impacts will increase in the long term based on the current lending profile. Dependencies include the availability of reliable climate risk data that can be used to inform credit risk assessment practices.

Achievement of climate-related targets

At this time, the Group has not established quantitative targets specifically in relation to physical climate risks.

d. Financial effects

Pepper Money has evaluated the loan exposure of its Australia Residential Mortgages portfolio and Asset Finance portfolio using externally sourced data[4]. The analysis was performed on properties and postcodes that are vulnerable to both insured and uninsured perils in the anticipated scenario (RCP 4.5) over the current, short, medium and long term time horizons.

The following criteria was used to assess assets vulnerable to physical risks:

- Insurable perils (bushfires, cyclones, floods and storms) were assessed based on the affordability of insurance, the impact of increasing insurance costs on household budgets and the ability to service loan payments, as well as potential impacts on property values.
- Uninsurable perils (coastal erosion and coastal inundation) were assessed using the following criteria:
  - Coastal erosion: Properties located within 150 metres of the coast.
  - Coastal inundation: Properties identified as being at high risk where projected sea level rise is greater than combined elevation of the property and an assumed floor height (0.5 metres), and the property is within a given distance of the coast representing the maximum distance water can travel inland.

The risk assessment combines metrics for each uninsured peril, home insurance affordability ("HIA"), serviceability impact ("SI") and climate adjusted LVR[5] to measure loss given default ("LGD") and probability of default ("PD").

Table 3: Physical risk assessment matrix[6]

Increasing LGD →

Increasing PD ↑

Coastal Inundation	Coastal Erosion	Insured Perils	Adjusted LVR <60%	Adjusted LVR 60–80%	Adjusted LVR 80–100%	Adjusted LVR >100%
Yes	High/Very High	N/A	Low Risk	Medium Risk	High Risk	High Risk
No	Medium	N/A	Low Risk	Medium Risk	Medium Risk	High Risk
No	<Medium	HIA >5% & SI >1%	Low Risk	Low Risk	Medium Risk	High Risk
No	<Medium	HIA <5% SI >1% OR HIA >5% SI <1%	Low Risk	Low Risk	Low Risk	Medium Risk
No	<Medium	HIA <5% & SI <1%	Very Low Risk	Very Low Risk	Very Low Risk	Low Risk

4. Hazard risk levels and home insurance affordability ("HIA") data sourced from Finity Consulting Pty Ltd's Finperils models. Impacts on property values and Serviceability Impacts ("SI") based on future insurance premium increases under the scenario.
5. Adjusted LVR's used in the risk matrix adjust current LVR's by expected increases to home insurance premiums. LVRs are not indexed.
6. For coastal inundation and coastal erosion, a property must only meet one physical risk criteria and the LVR criteria to fall into a risk category. For example, a property with an adjusted LVR of between 80% to 100% that is affected by coastal inundation is considered high risk regardless of whether it is affected by coastal erosion or insured perils.

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Australian Residential Mortgages portfolio exposure:

The exposure of the Australian Residential Mortgages portfolio[7] to severe weather events was assessed using a property level (address level) physical risk assessment.

The assessment identified the following loan exposures:

Australian Residential Mortgages loan exposure to physical risk as at 31 December 2025 $ million	**Current (Actual)**	**Short Term (RCP 4.5)**	**Medium Term (RCP 4.5)**	**Long Term (RCP 4.5)**
High Risk	2.3	3.1	6.6	9.5
Medium Risk	26.7	26.0	31.2	35.6
Very Low / Low Risk	8,929.8	8,929.6	8,921.0	8,913.7

Proportion of Australian Residential Mortgages[8] AUM as at 31 December 2025 %	**Current (Actual)**	**Short Term (RCP 4.5)**	**Medium Term (RCP 4.5)**	**Long Term (RCP 4.5)**
High Risk	0.0%	0.0%	0.1%	0.1%
Medium Risk	0.3%	0.3%	0.3%	0.4%
Very Low / Low Risk	99.7%	99.7%	99.6%	99.5%

Asset Finance portfolio exposure:

The risk exposure to key climate-related perils for the Asset Finance portfolio was assessed based on postcode level average data[9], mapped to the borrowers' postcode. Risk scores were assigned to each loan based on postcode level average, which represents exposure to each peril. Risk scores were assessed to determine the proportion of the Asset Finance portfolio in Australian postcodes with the highest 5% of risk scores for each climate peril.

Bushfire exposure:

Assets with the highest 5% of bushfire risk score:

Asset Finance bushfire exposure as at 31 December 2025	**Current (Actual)**	**Short Term[10] (RCP 4.5)**	**Medium Term (RCP 4.5)**	**Long Term (RCP 4.5)**
AUM $ million	215.0	215.0	280.6	369.4
Proportion of Lending AUM	3.3%	3.3%	4.4%	5.7%

Flood exposure:

Assets with the highest 5% of flood risk scores:

Asset Finance flood exposure as at 31 December 2025	**Current (Actual)**	**Short Term[9] (RCP 4.5)**	**Medium Term (RCP 4.5)**	**Long Term (RCP 4.5)**
AUM $ million	275.8	275.8	326.2	323.8
Proportion of Lending AUM	4.3%	4.3%	5.1%	5.0%

7. A total of 20,818 Australia residential properties were matched at an address level to Finperils data from Finity Consulting Pty Ltd. 357 properties were unable to be matched to street address. Results reported are based on 98.3% of the Australian residential properties in the portfolio.
8. Proportion is expressed as a percentage of total Australian residential properties ($) that were matched to a valid GNAF ID.
9. Hazard risk level data sourced from Finity Consulting Plty Ltd's Finperils models. Postcodes were based on borrower's residential address.
10. Short term risk score is using base year (current year) as the anticipated change in risk score is immaterial.

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Cyclone exposure:

Assets with the highest 5% of cyclone risk scores:

Asset Finance cyclone exposure as at 31 December 2025	Current (Actual)	Short Term[11] (RCP 4.5)	Medium Term (RCP 4.5)	Long Term (RCP 4.5)
AUM $ million	305.2	305.2	323.3	393.4
Proportion of Lending AUM	4.7%	4.7%	5.0%	6.1%

Storm exposure:

Assets with the highest 5% of storm risk scores:

Asset Finance storm exposure as at 31 December 2025	Current (Actual)	Short Term[10] (RCP 4.5)	Medium Term (RCP 4.5)	Long Term (RCP 4.5)
AUM $ million	145.5	145.5	135.2	110.1
Proportion of Lending AUM	2.3%	2.3%	2.1%	1.7%

Current and anticipated financial effects:

The current effects reflect the impacts observed during calendar year 2025. The anticipated financial effects have been estimated for Australian Residential Mortgage properties identified as vulnerable to physical climate risk (classified as high risk) across each relevant time horizon. Expected credit losses were calculated based on uninsured exposures or instances where insurance coverage is insufficient[12]. Pepper Money has elected to disclose these outcomes as a range, where the probability of loss arising from severe weather events extends from zero up to the estimated expected credit loss[13].

Current and anticipated financial effects from physical risk $ million	Current (Actual)	Short Term (RCP 4.5)	Medium Term (RCP 4.5)	Long Term (RCP 4.5)
Financial position (Loans and Advances)	(0.1)	0 – (0.1)	0 – (0.5)	0 – (1.3)
Financial performance (Loan loss expense)	(0.1)	0 – (0.1)	0 – (0.5)	0 – (1.3)
Cash flow (Funding cash flow)	(0.1)	0 – (0.1)	0 – (0.5)	0 – (1.3)

Current financial effects

For the year ended 31 December 2025, one Asset Finance customer was impacted by a flood event, which resulted in $0.1 million residual loss to Pepper Money.

The Group has not identified any other matters that are expected to result in a material adjustment to the current year's carrying values of assets or liabilities, nor any matters that are expected to have a material impact on the Group's income statement within the current annual reporting period.

11. Short term risk score is using base year (current year) as the anticipated change in risk score is immaterial.
12. Based on Finity Consulting Pty Ltd's models for expected credit loss based on estimated rebuild cost, probability of non-insurance, probability of under-insurance and level of under-insurance.
13. Gross loss before income tax.

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Anticipated financial effects

Australian Residential Mortgages:

Using the RCP4.5 scenario, which represents the anticipated case, Pepper Money has assessed the potential exposure of its portfolio to physical climate-related risks caused by severe weather events. Based on this analysis, a very small proportion of properties are expected to be at high risk and vulnerable to physical impacts in the medium to long term.

The financial effect in the short term is immaterial. In the medium to long term the pre-tax loss experience in the high range is estimated to be $(1.3) million.

Pepper Money has leveraged this exposure analysis to inform decision-making and implement risk management guardrails designed to mitigate and minimise future physical risk impacts.

Asset Finance:

Based on the small proportion of assets in very high risk areas and the low likelihood of severe damage, Pepper Money estimates the current and anticipated financial effects from the Asset Finance portfolio exposure to severe weather events to be immaterial.

Whilst hail, which is covered under storm risk assessment, is expected to cause damage, the Group has not received any hardship requests due to hail events. The damage to borrowers may have been resolved without financial hardship or have been adequately covered by insurance. There is insufficient evidence to suggest that a credit loss should be anticipated.

Key assumptions and limitations

- Forward-looking assessments present challenges due to uncertainty of climate models and inherent limitations in data quality, coverage and reliability.
- Physical risk assessment was conducted on approximately 98.3% of Australian Residential loans, based on available and valid GNAF ID.
- RCP4.5 reflects moderate emissions and policy action, consistent with anticipated climate pathways.
- Estimates are based on current property exposure data and scenario assumptions; actual outcomes may vary.
- Due to the variable nature of extreme weather events these results are subject to significant uncertainty

6.4.2. Transition risks:

a. Description of risk

Pepper Money has identified macro-economic transition risk – including changes in cash rate settings and inflation – which could affect the Group's profitability through impacts on Net interest income, Corporate interest expense and Operating expense. This represents a broad, economy wide risk arising from policy, regulatory and consumer preference shifts that occur more rapidly or differently than anticipated during the transition to a low carbon economy.

In addition, these transition dynamics may affect the industries in which Pepper Money's downstream borrowers are employed. As sectors of the economy adjust to lower emissions pathways, customer financial resilience and capacity to meet repayment obligations may be influenced, with flow on implications for credit performance.

b. Effects on Business Model and Value Chain

Changes in consumer preferences toward more sustainable housing or assets, including increased adoption of EVs, are not expected to materially affect Pepper Money's ability to provide financing. The Group anticipates continuing to support lending activity across asset classes that evolve in line with consumer demand.

Based on information available in the current reporting period and across the relevant time horizons, there is insufficient evidence to indicate that the carrying value of security properties or existing internal combustion engine ("ICE") vehicle collateral will be significantly affected by shifts in consumer preference.

As market expectations and climate policies evolve toward a lower carbon economy, certain industries may be more susceptible to transition related risks. Management considers that these risks are most likely to affect the Group's downstream borrowers through potential impacts on the industries in which they are employed or operate, which may in turn influence their borrowing capacity and ability to meet repayment obligations.

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To assess this exposure, Pepper Money has analysed borrowers' employment industries using Australia and New Zealand Standard Industrial Classification ("ANZSIC") codes to identify the proportion of borrowers operating within sectors considered vulnerable to transition risk.

As at 31 December 2025, the proportion of borrower's employment industry that are deemed vulnerable to transition risk are as follows:

Proportion of segment lending AUM[14] %	Mining	Agriculture, Forestry and Fishing	Electricity, Gas and Water Services	Total exposure to industries with heightened transition risk[15]
Mortgages	0.83%	0.45%	0.51%	**1.79%**
Asset Finance	2.07%	2.17%	1.62%	**5.86%**

The rate of transition to a lower carbon economy, including potential changes to carbon pricing, may influence inflationary pressures and, consequently, cash rate settings across the short, medium and long term. These macro-economic impacts may reasonably be expected to affect Pepper Money's Business Model and Value Chain, including the Group's capacity to generate new originations in a higher cash rate environment, the Net interest income earned on lending assets, increased Corporate interest expense, and inflation-driven cost pressures on Operating expense.

c. Effects on strategy and decision-making

Pepper Money monitors transition risks arising from evolving climate policies and changes in consumer preferences, notably the increased adoption of EVs, energy efficient housing, and tightening regulatory standards. These developments may influence borrower capacity, asset values, lending volumes, funding costs, and operating expenses. The Group's approach encompasses direct measures embedded in products and risk frameworks, and indirect measures that build organisational resilience, capability, and ecosystem readiness.

Current and anticipated changes to Business Model and resource allocation

During the current reporting period, no material changes to the Group's Business Model or resource allocation have been required. The Group has considered the growing transition toward EVs as an emerging preference, reflecting expected shifts in consumer behaviour and regulatory developments. At present, these trends are not expected to have a material impact on the Group's operations.

The Group continues to monitor the relative value trajectory of ICE vehicles compared with EVs to inform future lending strategies and credit risk settings. Housing assets are not currently expected to experience significant impacts from climate-related transition risks.

Any resource requirements associated with these initiatives are expected to be met through internal funding and existing workforce capacity and are not anticipated to materially affect the Group's financial position.

Current and anticipated mitigation and adaptation efforts:

Current mitigation and adaptation

- **Sector exposure monitoring:** Borrowers' employment industries are mapped using ANZSIC classifications to identify segments with heightened transition sensitivity and inform exposure management.
- **Portfolio stress testing:** Targeted stress tests consider scenarios of elevated cash rates and inflation linked to carbon pricing and policy shifts, assessing impacts on Net interest income, Corporate interest expense and Operating expense (Climate resilience Section 6.5).
- **EV financing:** EVs represent 15% of total vehicles financed[16] in CY2025.
- **Internal assessment:** Strengthening data, modelling and reporting capabilities to assess business resilience and to evaluate future transition pathways.

14. Based on $ Lending AUM for the Mortgages and Asset Finance segments.
15. Based on available ANZSIC mapping: ANZSIC codes are not known for 53% of Mortgage borrowers and 47% of Asset Finance borrowers. Borrowers with unknown ANZSIC codes are included in calculations to determine the exposures to industries vulnerable to transition risk.
16. Based on number of EV loans (excluding hybrids) originated in CY2025.

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Anticipated mitigation and adaptation

- **Residual value protection:** Defending against asset value deterioration through guaranteed future value programs for both ICE and EVs.
- **Risk appetite and limits:** Formal exposure limits for transition vulnerable sectors and asset types, with periodic reviews and escalation triggers.
- **Funding strategy alignment:** Exploration of investor demand (e.g., labelled tranches when feasible) to diversify and stabilise funding under climate-linked macro volatility.
- **Industry engagement:** Ongoing participation in industry forums such as Australian Finance Industry Association and Risk Management Association to anticipate adaptation pathways including vehicle standards and building energy requirements.
- **Product innovation:** Product development to expand on sustainable financing such as financing rooftop solar installations, energy-efficient home construction loans, and retrofit solutions for existing properties to reduce energy consumption.
- **Servicing and customer support:** Proactive outreach to borrowers in transition exposed industries (using ANZSIC mapping) with budgeting tools, hardship pathways, or tailored restructuring options. Provide information hubs on policy impacts (e.g., vehicle standards, building energy rules) to help customers plan asset choices and household upgrades.
- **Internal capability building:** Training staff on the impact of transition risks and emerging policy drivers.

Climate-related transition plan and key assumptions

The Group assumes increasing regulatory and market preference for low-emission assets, particularly EVs, over the medium to long term. Dependencies include the pace of EV adoption, infrastructure development, and government incentives. Pepper Money's approach to climate-related transition risk is first to understand the impact that can be reasonably expected before committing to formal transition plans. Product teams continue to look for opportunities to develop new products that cater to consumer demand now with the added impact of climate considerations on change in preference. Internally, Pepper Money will continue to monitor downstream customer exposure to industries vulnerable to transition risk through regular review and reporting using ANZSIC codes.

Achievement of climate-related targets

The Group has not set greenhouse gas emissions targets, as its operations have a low direct emissions profile.

d. Financial effects

Pepper Money's climate-related transition risk quantification is based on the NGFS NDC scenario, which reflects policy settings aligned with limiting global temperature increases and provides a credible basis for evaluating potential financial impacts. The scenario's climate-related and macro financial variables were translated into financial implications using the NiGEM macro-economic model, enabling assessment of effects on financial position, financial performance and cash flows through projected movements in key economic indicators such as interest rates and inflation. Although the NGFS framework encompasses both transition and physical risks, the modelling does not allow physical risks to be separately isolated; accordingly, results are intended to represent transition risk impacts but may include some residual physical risk influence.

Current and anticipated financial effects:

Current and anticipated financial effects[17] from transition risk $ million	**Current (Actual)**	**Short Term[18] (NDC)**	**Medium Term (NDC)**	**Long Term (NDC)**
Financial position	–	–	–	–
Financial performance (Net interest income, Operating expenses and Corporate interest expense)	–	–	(1.0) – (2.0)	(0.9) – (1.7)
Cash flow (Operating cash flow)	–	–	(1.0) – (2.0)	(0.9) – (1.7)

17. Gross impact before income tax.
18. Short term macro-economic assumptions are aligned with Pepper Money's Expected Credit Loss ("ECL") models as represented in the financial statements (Note 8(B)(c)). The results have a marginal positive impact on financial performance and cash flow, however deemed immaterial.

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Current financial effects

For the year ended 31 December 2025, Pepper Money did not experience any material impact on its financial position, financial performance, or cash flows directly attributable to transition risks.

There is insufficient evidence to indicate that the carrying amounts of the Group's assets were subject to material adjustment during the current reporting period as a result of transition risk factors.

Anticipated financial effects

Under the NDC scenario adopted from the NGFS, transition risk is assessed as low due to gradual implementation of climate policies and slower technological change. This results in relatively stable macro-economic conditions, especially in the short term with inflation and unemployment remaining relatively benign. In the medium to long term, there is moderate to severe physical risk that results in reductions in economic growth.

The modelling indicates:

- **Inflationary pressure** increases marginally over the medium to long term which directly impacts other Operating expenses.
- **Cash rate target** increases marginally over the medium to long term, which directly increases Corporate interest expense and is negatively correlated to Net interest income through increased cost of funding.
- **Short term financial impacts** are immaterial.
- **Medium to long term impacts** are primarily driven by modest uplift in inflation and cash rate targets thus increasing Operating expenses and Corporate interest expense. This impact represents the low range of the anticipated financial effects. The high range of impact incorporates the additional effect from Net interest margin compression arising from cash rate target increase, based on historical sensitivities applied adjusted for rate of change.

Key assumptions

- NDC scenario reflects gradual policy adoption and limited disruption to economic fundamentals.
- Physical risks embedded in the scenario cannot be separately excluded.
- Estimates rely on historical correlations and scenario assumptions, which may not fully capture future market dynamics.

6.5. Climate resilience

A climate-related scenario analysis was performed to understand and evaluate the potential impacts of physical risks and transition risks reasonably expected to impact the Group's prospects, using a range of possible scenarios. The analysis was performed on CY2025 actuals with anticipated impacts forecasted in the selected time horizons to evaluate the resilience of the Group's Business Model and Value Chain.

Scope and methodology

- The scenario analysis was conducted across the Group's consolidated operations and business units.
- Scenarios were based on publicly available data from authoritative sources and purchased data reflecting regional climate projections relevant to Pepper Money.
- The analysis considered extreme scenarios typically characterised as:
  - high transition risk / low physical risk; and
  - low transition risk / high physical risk, reflecting the inverse relationship between emissions reduction requirements and warming outcomes.

The scenario analysis was reviewed and approved by the Group's Board and Management ESG Committees during CY2025, focusing on scenario selection, assumptions inputs, and modelled outputs. Ongoing annual reviews will be conducted to update implications of climate-related uncertainties and integrate findings into the Group's strategic planning cycle.

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Scenario selection

To ensure coverage of both extremes and an anticipated case, Pepper Money selected the following scenarios to separately quantify physical risks and transition risks impacts:

	Scenario 1 (High transition risk / Low physical risk)	Scenario 2 (Intermediate)	Scenario 3 (Low transition risk / High physical risk)
NGFS (transition risks)	Net Zero 2050	NDC	Current Policies
RCP (physical risks)	RCP 2.6	RCP 4.5	RCP 8.5

Application and financial stress testing

For transition risk, macro-economic indicators derived from NGFS scenarios were applied to stress the Group's:

- Financial position.
- Financial performance.
- Cash flows.

Key business drivers assessed include:

- Originations.
- Net interest income.
- Operating expense.
- Corporate interest expense.

Observed changes in macro-economic indicators were compared against historical trends to estimate scenario outcomes over selected time horizons.

For physical risk, additional portfolio-level analysis was performed (Section 6.4) to model potential loan loss impacts under various physical risk scenarios, using separately acquired exposure data[19].

Integration into strategy

Outputs from this analysis inform decision-making and risk management guardrails, ensuring the Group remains resilient under a range of plausible climate futures. These findings are embedded into strategic planning and reviewed annually.

Scenario analysis outcomes

Scenario 1 (Net Zero 2050 / RCP 2.6)	Short Term	Medium Term	Long Term
A pathway that is contingent on global warming levels being below 1.5 degrees, climate policies are introduced early and become gradually more stringent, shifts in customer behaviour are noted due to the preference for sustainable products	Physical risk exposure: low Transition risk exposure: low to medium	Physical risk exposure: low Transition risk exposure: medium to high	Physical risk exposure: low Transition risk exposure: medium

19. Based on Finity Consulting Pty Ltd's models for expected credit loss based on estimated rebuild cost, probability of non-insurance, probability of under-insurance and level of under-insurance.

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Scenario 1 (Net Zero 2050 / RCP 2.6)	**Short Term**	**Medium Term**	**Long Term**
Impact assessment on the Group	Governments and regulatory bodies will continue to introduce more rigorous emissions standards. International governments will adopt rapid climate responses supported through stringent policy commitments. Demand for 'eco' friendly and 'low carbon' products grow. The projected impact from an increase in carbon pricing will place upward pressure on inflation and consequently cash rate targets. The Group may experience marginal disruption on new originations as borrowing capacity and consumer confidence reduces slightly but is predicted to have very little impact on volume in the short term. The increase in cash rate may place some pressure on Net interest margin compression and Corporate interest expense but this impact is assessed to be low. An uplift in inflation may impose an increase to Operating expenses. The Group's current strategies will be sufficient to manage impacts of physical and transition risks on the Group's Business Model and Value Chain. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.1) million from physical risk and between $(0.9) million to $(1.4) million from transition risk.	As climate change intensifies, more frequent and severe physical events may transpire increasing impact to the group's lending assets in high risk areas. Demand for 'eco' friendly or 'low carbon' products will steadily increase, but this should have minimal impact on the group's carrying value of existing assets. Pressure may increase from governments, consumers, and local communities for greater transparency regarding the Group's sustainability practices and overall contributions to a lower carbon economy, which will result in developing new product offerings and this is considered as part of the existing strategy of financing EVs and considering for green product financing in the future. The projected pressure from an increase in rate of transition efforts on carbon pricing may place further upward pressure on inflation and consequently cash rate targets. Under this scenario the Group can expect low impact to originations volume and low impact to Net interest margin and Corporate interest expense, whilst continuing to reflect inflationary pressures on Operating expenses. Heightened physical risk likely to lead to higher losses experienced in high-risk areas. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.1) million from physical risk and between $(1.3) million to $(4.4) million from transition risk.	Strong momentum in the transition towards low-carbon products and global climate mitigation efforts will slow the rate of climate change, somewhat stabilising physical risks. The ability of the Group to adapt to changing consumer preferences and market demands will be key to support the financing of new products. Continuous communication and interaction with customers will ensure seamless mitigation and adaption strategies are implemented. This may give rise to an assessment of the carrying value of existing assets that are no longer compliant with policy or regulatory requirements. The physical risk impact on the Group's operating and lending assets is not expected to be significant. The Group remains exposed to rising inflation and cash rate targets. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.2) million from physical risk and $(1.9) million to $(8.4) million from transition risk. Whilst the result is the highest degree of impact in this scenario analysis the Group is well-positioned to manage the transition in the long term and will have strategies in place to mitigate and adapt.

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Scenario 2 (NDC / RCP 4.5)	**Short Term**	**Medium Term**	**Long Term**
An intermediate and most probable baseline scenario forming the 'anticipated' case	Physical risk exposure: low to medium Transition risk exposure: low to medium	Physical risk exposure: medium Transition risk exposure: medium	Physical risk exposure: medium Transition risk exposure: medium
Impact assessment on the Group	The Group will notice the initial signs of regulatory changes. The Group will start assessing current practices and identifying areas needing change to align to emerging standards and stakeholder expectations. Early indications of shifting market preferences will emerge, with some consumers showing increased interest in sustainable products and services. The Group will continue exploring opportunities to diversify into 'eco-friendly' and 'low carbon' products, however the change in asset will largely not impact the group's ability to finance those assets. Whilst major climate impacts might not be immediately apparent, the group will experience disruptions due to extreme weather events, which are expected to increase in frequency and severity. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.1) million from physical risk and zero impact from transition risk. Refer to Section 6.4 on financial impacts under this scenario.	More concrete regulatory frameworks will be in place, requiring the group to implement compliance measures. This will involve investing in cleaner technologies and adopting new operational practices. There will be some pressure that increased carbon pricing will impose on higher inflation and cash rate target, resulting in a slight Net interest margin compression and cost inflation. There will be noticeable growth in sectors like renewable energy, energy efficiency and sustainable products. The Group is expected to follow the trend in asset growth in these segments and continue to provide line of credit to finance these assets. There is opportunity to tailor product offerings to encourage the adaption of sustainable assets. Physical climate change impacts may pose some risk specifically to lending assets, but there is geographic dispersion in our existing portfolio, and this diversification is likely to be maintained. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.5) million from physical risk and between $(1.0) million to $(2.0) million from transition risk. Refer to Section 6.4 on financial impacts under this scenario.	There will be a broader transition towards a low carbon economy, requiring increased adaption measures by the Group, but this is not expected to significantly change the Business Model or disrupt the Value Chain activities. A failure by the Group to diversify into 'eco-friendly' or 'low carbon' products over the long term will decrease market share and profits as consumer preference shifts. An assessment on carrying value of existing assets that do not comply with regulation or policy changes will be required, but the group does not anticipate deviating from industry best practice. The physical risk impact on the Group's operations and lending assets elevates in this scenario, but there is less pressure on cash rates and inflation in the long term. Under this scenario the Group's profit before tax is expected to be reduced by up to $(1.3) million from physical risk and between $(0.9) million to $(1.7) million from transition risk. Refer to Section 6.4 on financial impacts under this scenario.

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Scenario 3 (Current Policies / RCP 8.5)	Short Term	Medium Term	Long Term
High emissions in the absence of government policies to combat climate change	Physical risk exposure: low to medium Transition risk exposure: low	Physical risk exposure: medium to high Transition risk exposure: low	Physical risk exposure: high to very high Transition risk exposure: low to medium
Impact assessment on the Group	Governments remain divided on climate action leading to a lack of coordinated action on emissions reductions. There will be less pressure on inflation and cash rate targets. Some governments roll back on emissions reduction policies resulting in weakened environmental standards. Whilst transition risks remain low, physical risks increase as climate events begin to compound posing more impact on our lending assets vulnerable to those risks. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.1) million from physical risk and $(0.3) million from transition risk.	A lack of robust climate-related policies from governments will keep transition risks low thus inflicting minimal impact on volume and rates. Physical climate change impacts intensify posing higher risk specifically to lending assets. Under this scenario the Group's profit before tax is expected to be reduced by up to $(0.3) million from physical risk and $(0.3) million from transition risk.	Governments focus on short term adaptation measure as opposed to decarbonisation, keeping transition risks relatively low. The stress on the group's financial performance based on these drivers therefore is at a minimum. The Group becomes increasingly vulnerable to physical climate risks, particularly the lending assets that are in high risk areas vulnerable to natural perils that will occur more frequently and increase in severity. Under this scenario the Group's profit before tax is expected to be reduced by up to $(1.8) million from physical risk and $(0.6) million from transition risk.

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Significant areas of uncertainty

There are areas of uncertainty on the extent, pace and impact of climate change on Pepper Money's business operations. Scenario analysis has been conducted on a broad spectrum of scenarios to ensure a range of potential physical and transition impacts are considered.

There is regulatory policy uncertainty on emissions reduction targets, both globally and domestically, which may result in ongoing changes to targets and regulation. Policy changes may involve changes to regulatory reporting demands on the financial services sector. Changes to consumer behaviour across mortgage lending and asset finance products are also highly uncertain.

There is uncertainty on the frequency and locations of severe climate events that may impact Pepper Money's operations and business prospects.

Capacity to adjust or adapt strategy and Business Model

The Group's strategy and Business Model, including its mitigation and adaptation plans are currently based on the most probable scenario (Scenario 2 above). As indicated in Governance (Section 5) the ESG Working Group, MESG Co and BESG Co periodically evaluate the Group's strategy to incorporate climate-related considerations. The Group assesses its capacity to adjust and adapt its strategy and Business Model to climate change as follows:

Resources and flexibility

The Group has invested in climate-related data acquisition to enhance risk quantification and portfolio assessment across its lending activities. In addition, the Group has committed resources to learning and development initiatives to build internal expertise for assessing and reporting on climate-related risks and opportunities.

Resource allocation is subject to periodic review, and the Group retains flexibility to adjust budgets as required. As disclosed in Note 5 of the Group's financial statements for the year ended 31 December 2025, the Group has access to additional financing through committed credit facilities should its response to climate-related risks require further funding. The Group also maintains the ability to deploy excess corporate cash to meet such requirements.

Redeploying, repurposing, and upgrading assets

Over the short to medium term, the Group does not anticipate a material requirement to redeploy, repurpose, or upgrade its physical assets, as it primarily occupies leased office space within multi-tenant buildings and has limited influence over energy sources.

The Group has assessed potential impacts on the value of lending assets and found no evidence of material deterioration in the short to medium term. Over the long term, the Group will continue to evaluate its lending portfolio and may adjust its exposure to assets that no longer align with its strategic objectives or climate resilience criteria.

Investment in climate-related mitigation, adaptation and opportunities

The Group is prioritising investment of internal resources to strengthen resilience against climate-related risks. Key initiatives include:

- enhancing credit assessment frameworks to incorporate climate-related considerations in evaluating loan security;
- developing new lending products designed to promote financing of energy-efficient assets; and
- exploring funding mechanisms and incentives to support the expansion of sustainable financing initiatives.

7. Risk management

7.1. Integration into the Group's Risk Management Framework

Climate-related factors are integrated into Pepper Money's enterprise RMF and reflected in the Group's Risk Appetite Statement ("RAS"). A process was undertaken to identify, assess and prioritise climate-related risks and opportunities across the Group's operations during the reporting period. This process was embedded into the Group's enterprise risk management approach and supported by governance oversight through the Board and relevant Committees. For further details on the Group's governance structures, refer to Section: Governance (Section 5).

Prioritisation of climate-related risks was undertaken using the Group's risk matrix evaluation framework, applying criteria such as likelihood, magnitude of impact, and alignment with strategic objectives. Risks identified through the materiality assessment and scenario analysis were incorporated into existing risk categories, including credit, regulatory, operational, strategic, and reputational, and documented for ongoing governance oversight.

Monitoring of climate-related risks occurs through Pepper Money's established RMF processes and governance structures, which include ongoing risk reviews, escalation protocols, and reporting to the Board and Board Committees. These processes ensure that climate-related risks are tracked, assessed for changes in exposure, and escalated in line with the Group's risk appetite and governance requirements.

Operational accountability continues to follow the Three Lines of Accountability model:

- **The First Line**, comprising business units and operational teams, accountable for ownership and management of climate-related risks and opportunities within their day-to-day activities.
- **The Second Line**, Risk and Compliance, accountable for the RMF, providing tools and guidance for climate risk assessment, and independently monitoring the effectiveness of controls.
- **The Third Line**, Internal Audit, provides independent assurance to the Board and its committees on the adequacy of climate risk governance and control effectiveness. External auditors also contribute to the Third Line by providing assurance on financial statements and selected regulatory requirements.

Pepper Money's approach to risk management is covered in Section 7 of the Operational and Financial Review in the Annual Report 2025.

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7.2. Processes for identifying and assessing climate-related risks and opportunities

Pepper Money's approach to climate-related risk management commenced with an assessment of its consolidated operations and Value Chain activities, including mortgage lending, asset finance, loan servicing, funding arrangements, and corporate functions. The Group used a combination of internal portfolio data, external climate datasets, and scenario frameworks to inform its analysis.

Climate-related risks were recognised as drivers of existing risk categories, including credit, regulatory, operational, strategic, and reputational, and were identified through a Climate Risk Materiality Assessment. This assessment evaluated both physical risks, such as bushfire, flood, and cyclone, and transition risks, such as regulatory changes, carbon pricing, and shifts in consumer preferences. The process applied both qualitative and quantitative techniques, using the Group's risk matrix to assess likelihood and impact across financial, regulatory, operational, customer, employee and reputational dimensions. Physical risk exposure was modelled at property level using geospatial data and RCP scenarios, while transition risk impacts were assessed through macro-economic modelling using NiGEM scenarios. Pepper Money applied three scenarios from the NGFS Phase V framework to assess potential climate-related risks and opportunities across short term (1 year), medium term (5 years), and long term (25 years) horizons.

Further details on the Group's Materiality Assessment, NGFS and RCP scenarios, methodologies and assumptions, and outcomes are provided in Section: Strategy (Section 6).

Pepper Money has established processes to identify climate-related opportunities using the same approach applied for risk identification, namely, the Climate Risk Materiality Assessment and scenario analysis. These processes are designed to consider how shifts in policy, technology, and market preferences under different climate pathways could create opportunities for Pepper Money to support customers and enhance long-term resilience.

Governance of climate-related opportunities is embedded within Pepper Money's existing oversight structure. The BESG Co has reviewed and endorsed the approach to identifying and prioritising opportunities, ensuring that these considerations are integrated into strategic planning and risk management processes. While no material climate-related opportunities were identified during the reporting period, the framework remains in place to capture and assess potential opportunities in future periods.

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8. Metrics and targets

8.1. Overview

Pepper Money has calculated its Scope 1 and 2 emissions in accordance with the *GHG Protocol – A Corporate Accounting and Reporting Standard (2004).*

Setting the organisational boundary

Pepper Money has selected the Operational Control approach to determine its organisational boundary for the calculation of Scope 1 and 2 emissions. Refer to Section 3 Organisational boundary for more information on the decision-making process.

8.2. Scope 1 GHG emissions

In calculating the Group's Scope 1 emissions, the following approach, inputs and assumptions have been used:

Scope 1 Emissions Category	Approach, Inputs and Assumptions
Generation of electricity, heat or steam	Pepper Money has determined that there is no material emissions generated in this category. Pepper Money does not own any assets that directly produce emissions through generation of electricity, heat or steam. Pepper Money has engaged each office location to confirm that all energy is purchased from assets not owned by the Group. Purchased energy has been included in Scope 2 emissions.
Fugitive Emissions	Pepper Money has collected registers of all refrigerants containing air-conditioning units and refrigerators that are owned or operationally controlled by the Group. Refrigerant capacity and types were obtained from air-conditioning unit and refrigerator model specifications to support calculation of emissions (if any). Pepper Money has relied on the *actual top-up* approach to calculate the amount of refrigerants that were released during 2025. Pepper Money obtained confirmations from office or building managers that no refrigerant top ups occurred in 2025 for any identified air-conditioning units or refrigerators.
Transportation of materials, products, waste, and employees	Pepper Money has determined that there is no material emissions assigned with this category. Pepper Money does not own or control any company vehicles. Emissions from employee commuting are indirect and categorised as Scope 3.

As this is Pepper Money's first reporting period aligned to AASB S2, there have been no changes in methodological approach.

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Calculation of Scope 1 emissions

Pepper Money reports zero Scope 1 emissions for the consolidated Group:

Scope 1 Emissions Category	Scope 1 t-CO_2e
Fugitive Emissions	–
Total	–

8.3. Scope 2 GHG emissions

In calculating the Group's Scope 2 emissions, the following approach, inputs and assumptions have been used:

Scope 2 Emissions Category	Approach, Inputs and Assumptions	
Indirect Electricity Usage	Approach	The Group has collated electricity invoice information from each office to determine the amount of kilowatt ("kW") usage occurred across the reporting period. Where offices did not have specific electricity invoices, building management was contacted to provide the Group with metered electricity usage. Calculations were conducted using the location-based approach which multiplies the kWh of electricity by the emissions factor for the geographic location. The following emissions factors were used for each geographic location: • For office locations in Australia, emissions factors were obtained from the National Greenhouse Gas Accounts Factors 2025 released by the Department of Climate Change, Environment, Energy and Water ("DCCEEW"). • For the New Zealand office, the emissions factor was obtained from the New Zealand Ministry of the Environment. • For the Manila office in the Philippines, Pepper Money has estimated an emissions factor by taking an average of emissions factors released by Governments of 3 comparable countries (Vietnam, Malaysia and Thailand). This approach was undertaken as the Philippines Government does not release endorsed emissions factors.
	Inputs	• Electricity usage (kWh) for each office. • Emissions factors from the *National Greenhouse Account Factors 2025* (Australia); the *Measuring Emissions Guide 2025* (New Zealand); the *Department of Climate Change, Ministry of Natural Resources and Environment* (Vietnam); the *Energy Commission* (Malaysia) and the *Thailand Greenhouse Gas Management Organization* (Thailand).
	Assumption	The Group has applied electricity usage on a pro-rata day-count convention for invoices with periods that included both December 2024 and January 2025. The estimated portion for December 2024 was excluded. Not all monthly electricity usage invoices for 2025 were available at the time of reporting. In these instances, the Group calculated an average daily rate for each location based on available data and aggregated across a 12-month basis. As the Philippines does not have a government endorsed emissions factor for the local grid, Pepper Money has estimated the emissions factor based on comparable countries (refer to approach section).
	Justification	Pepper Money believes that the approach, inputs, and assumptions are reasonable given: • They reflect the best estimate of indirect electricity-related emissions given the information available; and • The Group did not purchase or engage in specific contractual instruments for the purpose of acquiring energy in the reporting period.

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Calculation of Scope 2 emissions

Pepper has calculated its Scope 2 emissions as follows:

Scope 2 Emissions Category	Scope 2 t-CO_2e
Indirect Electricity Usage	678.18
Total	**678.18**

8.4. Internal carbon price

Pepper Money has not set an internal carbon price in the reporting period.

8.5. Remuneration

Executive remuneration policies do not directly reflect climate-related risks or opportunities. For the Chief Financial Officer, 15% of STVR outcomes is allocated to the delivery of ESG AASB S2 reporting.

8.6. Targets

Pepper Money has not set any targets in this reporting period.

9. Events after the reporting period

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed in this Sustainability Report 2025.

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Directors' Declaration

Under section 296A of the *Corporations Act 2001* for the year ended 31 December 2025, the Directors of Pepper Money Limited declare that, in the Directors' opinion:

a. The consolidated entity has taken reasonable steps to ensure the substantive provisions of the Sustainability Report for the year ended 31 December 2025 are in accordance with the *Corporations Act 2001*, including complying with:

   i. the Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*, and any further requirements contained in section 296C(2); and

   ii. the requirements of the climate statement disclosures contained in section 296D.

This declaration is made in accordance with a resolution of the Directors pursuant to section 296A(6) of the *Corporations Act 2001* as modified by section 1707C(2).

On behalf of the Directors



Akiko Jackson
Chair

19 February 2026



Mario Rehayem
CEO and Director

19 February 2026

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Independent Auditor's Assurance Report

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Independent Auditor's Review Report to the Members of Pepper Money Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Pepper Money Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2025 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* ("ASSA 5010") issued by the Auditing and Assurance Standards Board ("AUASB"):

Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* ("AASB S2") (including related general disclosures required by Appendix D)	Location in the Sustainability Report
Governance	Paragraph 6	Within Section 5 on pages 96 to 98
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Within Section 6.4 on pages 100 to 108
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Within Section 8 on pages 115 to 117

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the "Act").

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* ("ASSA 5000") issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the '*Summary of the Work Performed*' section of our report below.

Our responsibilities under ASSA 5000 are further described in the '*Auditor's Responsibilities*' section of this report.

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We are independent of the Group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024 (the "Code"), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Group are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025 but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. The other information includes the financial report upon which we have performed an audit and issued a separate auditor's report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Specified Sustainability Disclosures

The Directors of the Group are responsible for:

a) The preparation of the specified Sustainability Disclosures in accordance with the Act; and
b) Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

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- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Performed inquiries and walkthroughs to obtain an understanding of the reporting process for preparing the specified Sustainability Disclosures, including the identification of individuals involved and an understanding of key systems used.
- With respect to Governance disclosures:
    - Inquired with Management and personnel responsible for the oversight of climate-related risk and opportunities to obtain an understanding of the Group's processes, controls and procedures to monitor, manage and oversee its climate-related risks and opportunities; and
    - Performed walkthroughs and inspected the Group's internal information (e.g. Board meeting minutes, terms of reference, committee charters and internal policies).
- With respect to Strategy (risk and opportunities) disclosures:
    - Obtained an understanding of the Group's process for identifying and assessing its climate-related risks and opportunities across its reporting boundary, including management's materiality assessment process, by performing inquiries to understand the sources of the information used by management (e.g. value chain mapping, strategy documents, stakeholder engagement) and inspecting the Group's internal documentation of this process; and
    - Assessed whether the climate-related risks and opportunities disclosed are appropriate and complete, based on management's process and judgements, and whether they have been accurately described and classified.
- With respect to Scope 1 and 2 emissions disclosures:
    - Obtained an understanding of the measurement approach, inputs and assumptions used to measure the Group's greenhouse gas emissions through inquiries, walkthroughs and inspection of calculations and underlying support;
    - Agreed a sample of the underlying emissions data to supporting documentation and checked the mathematical accuracy of management's calculations;
    - Assessed the relevance and reliability of emissions factors used by management; and
    - Evaluated whether management has appropriately applied the requirements of AASB S2 and the GHG Protocol in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently.
- Reconciled the specified Sustainability Disclosures in the Sustainability Report to underlying supporting calculations and/or testing.
- Evaluated the overall presentation of the specified Sustainability Disclosures in the Sustainability Report and considered whether the specified Sustainability Disclosures as a whole are disclosed in accordance with the relevant requirements of AASB S2.

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Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.



DELOITTE TOUCHE TOHMATSU



Heather Baister
Partner
Chartered Accountants

Sydney, 19 February 2026

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Consolidated Financial Statements



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Contents

124 Auditor's Independence Declaration

125 Consolidated Statement of Profit or Loss

126 Consolidated Statement of Comprehensive Income

127 Consolidated Statement of Financial Position

128 Consolidated Statement of Changes in Equity

129 Consolidated Statement of Cash Flows

130 Notes to the Consolidated Financial Statements

185 Consolidated Entity Disclosure Statement

188 Directors' Declaration

189 Independent Auditor's Report

Auditor's Independence Declaration

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19 February 2026

The Board of Directors
Pepper Money Limited
Level 27, 177 Pacific Hwy
North Sydney, NSW 2060

Dear Board Members,

Auditor's Independence Declaration to Pepper Money Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Pepper Money Limited.

As lead audit partner for the audit of the Financial Report and review of the Sustainability Report of Pepper Money Limited for the financial year ended 31 December 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the Financial Report and review of the Sustainability Report; and
- Any applicable code of professional conduct in relation to the audit or review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

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Consolidated Statement of Profit or Loss

	Notes	Year ended 31 December 2025 $M	Year ended 31 December 2024 $M
Interest income	3(A)	**1,275.6**	1,436.1
Interest expense[1]	3(A)	**(940.0)**	(1,094.7)
Net interest income[1]	3(A)	**335.6**	341.4
Lending fee income	3(B)	**68.0**	65.6
Lending expense	3(B)	**(30.2)**	(29.5)
Whole loan sales gain		**66.0**	42.8
Loan losses	4(B)	**(90.6)**	(69.3)
Servicing fees and other income	3(B)	**40.0**	35.6
Total operating income		**388.8**	386.6
Employee benefits expense	3(D)	**(132.1)**	(126.3)
Marketing expense		**(14.7)**	(15.4)
Technology expense		**(26.4)**	(24.6)
General and admin expense		**(26.7)**	(20.5)
Fair value losses on financial assets		**(3.5)**	(3.9)
Impairment losses on non-financial assets	10(B)	**–**	(7.4)
Depreciation and amortisation expense	3(D)	**(16.4)**	(19.4)
Corporate interest expense	3(D)	**(22.5)**	(29.2)
Operating expenses		**(242.3)**	(246.7)
Profit before income tax		**146.5**	139.9
Income tax expense	3(E)	**(41.9)**	(41.7)
Net profit after income tax		**104.6**	98.2
Attributable to equity holders of Pepper Money Limited		**104.6**	98.8
Attributable to non-controlling interests		**–**	(0.6)

	Note	Cents per share	Cents per share
Earnings per share (EPS)	3(F)		
Basic EPS		**23.59**	22.29
Diluted EPS		**22.63**	21.34

1. Excludes corporate interest expense.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying Notes.

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Consolidated Statement of Comprehensive Income

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Net profit after tax	**104.6**	98.2
Other comprehensive income/(loss) that may be recycled to profit or loss		
Currency translation movement	**(1.9)**	(0.6)
Changes in fair value of hedging instruments	**27.2**	(36.7)
Income tax relating to items that may be recycled to profit or loss	**(8.2)**	11.0
Total other comprehensive income/(loss) that may be recycled to profit or loss	**17.1**	(26.3)
Other comprehensive income that will not be recycled to profit or loss		
Remeasurement reserve	**0.1**	–
Total comprehensive income for the period	**121.8**	71.9
Total comprehensive income attributable to:		
Owners of Pepper Money Limited	**121.8**	72.5
Non-controlling interests	**–**	(0.6)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying Notes.

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Consolidated Statement of Financial Position

	Notes	As at 31 December 2025 $M	31 December 2024 $M
Assets			
Cash and cash equivalents	4(A)	**1,267.0**	1,226.2
Receivables		**25.2**	13.9
Derivative financial assets	8(B)(h)	**40.7**	21.0
Loans and advances	4(B)	**16,854.0**	15,991.8
Other financial assets	4(C)	**15.2**	15.3
Other assets		**10.3**	13.4
Deferred tax assets	3(E)	**46.9**	37.1
Right of use assets	10(A)	**17.3**	23.2
Property, plant and equipment		**1.6**	2.2
Goodwill and intangibles	10(B)	**121.5**	128.3
Total assets		**18,399.7**	17,472.4
Liabilities			
Trade payables		**17.4**	16.0
Current tax		**13.2**	12.5
Provisions	7	**32.4**	27.7
Derivative liabilities	8(B)(h)	**2.8**	10.3
Borrowings	5	**17,372.4**	16,467.4
Lease liabilities	10(A)	**21.4**	28.2
Other liabilities		**1.4**	0.9
Other financial liabilities – trail commission payable	6	**68.8**	53.8
Total liabilities		**17,529.8**	16,616.8
Total net assets		**869.9**	855.6
Equity			
Issued capital	9(A)	**738.0**	730.7
Other reserves	9(B)	**42.4**	24.6
Retained earnings		**89.5**	100.3
Total equity attributable to owners of Pepper Money Limited		**869.9**	855.6
Total equity		**869.9**	855.6

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

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Consolidated Statement of Changes in Equity

	Issued capital $M	Currency translation reserve $M	Cash flow hedge reserve $M	Share-based payments reserve $M	Business combinations reserve $M	Remeasure-ment reserve $M	Retained earnings $M	Attributable to owners of the Group $M	Non-controlling interests $M	Total equity $M
1 January 2024										
Opening balance	729.8	(0.4)	33.1	17.3	–	–	45.6	825.4	37.4	862.8
Profit for the period	–	–	–	–	–	–	98.8	98.8	(0.6)	98.2
Currency translation movements	–	(0.6)	–	–	–	–	–	(0.6)	–	(0.6)
Cash flow hedge movements	–	–	(25.7)	–	–	–	–	(25.7)	–	(25.7)
Total comprehensive income	–	(0.6)	(25.7)	–	–	–	98.8	72.5	(0.6)	71.9
Ordinary shares issued	3.2	–	–	–	–	–	–	3.2	–	3.2
Dividends paid	–	–	–	–	–	–	(44.1)	(44.1)	–	(44.1)
Repayment of management loan	0.2	–	–	–	–	–	–	0.2	–	0.2
Share-based payments	–	–	–	5.7	–	–	–	5.7	–	5.7
Share buyback cancelled shares	(2.5)	–	–	–	–	–	–	(2.5)	–	(2.5)
Other equity movements	–	–	–	–	(4.8)	–	–	(4.8)	–	(4.8)
Derecognition of non-controlling interests	–	–	–	–	–	–	–	–	(36.8)	(36.8)
Balance as at 31 December 2024	730.7	(1.0)	7.4	23.0	(4.8)	–	100.3	855.6	–	855.6
1 January 2025										
Opening balance	**730.7**	**(1.0)**	**7.4**	**23.0**	**(4.8)**	–	**100.3**	**855.6**	–	**855.6**
Profit for the period	–	–	–	–	–	–	**104.6**	**104.6**	–	**104.6**
Currency translation movements	–	**(1.9)**	–	–	–	–	–	**(1.9)**	–	**(1.9)**
Cash flow hedge movements	–	–	**19.1**	–	–	–	–	**19.1**	–	**19.1**
Total comprehensive income	–	**(1.9)**	**19.1**	–	–	–	**104.6**	**121.8**	–	**121.8**
Ordinary shares issued	**7.7**	–	–	–	–	–	–	**7.7**	–	**7.7**
Dividends paid	–	–	–	–	–	–	**(115.4)**	**(115.4)**	–	**(115.4)**
Share-based payments	–	–	–	**0.5**	–	–	–	**0.5**	–	**0.5**
Share buyback cancelled shares	**(0.4)**	–	–	–	–	–	–	**(0.4)**	–	**(0.4)**
Retirement benefit remeasurements	–	–	–	–	–	**0.1**	–	**0.1**	–	**0.1**
Balance as at 31 December 2025	**738.0**	**(2.9)**	**26.5**	**23.5**	**(4.8)**	**0.1**	**89.5**	**869.9**	–	**869.9**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2025 $M	31 December 2024 $M
Cash flows from operating activities			
Interest received		**1,232.5**	1,407.9
Interest paid		**(937.3)**	(1,108.2)
Receipts from loan fees and other income		**107.5**	100.4
Payments of net loans to borrowers		**(4,360.4)**	(136.0)
Payments to suppliers and employees		**(249.9)**	(223.7)
Income taxes paid		**(59.0)**	(43.0)
Proceeds from sale of loan portfolios		**3,551.8**	2,601.5
Net cash (outflow)/inflow from operating activities	4(A)	**(714.8)**	2,598.9
Cash flows from investing activities			
Payment for intangibles and other assets		**(5.7)**	(7.4)
Payments for business acquired		**–**	(41.7)
Payments for investments		**–**	(0.2)
Net cash (outflow) from investing activities		**(5.7)**	(49.3)
Cash flows from financing activities			
Proceeds from borrowings		**12,640.2**	8,489.1
Repayment of borrowings		**(11,756.7)**	(11,287.6)
Repayment of lease liabilities		**(6.4)**	(7.2)
Share buyback		**(0.4)**	(2.5)
Repayment of management loan		**–**	0.2
Payment of dividends	3(H)(a)	**(115.4)**	(44.1)
Net cash inflow/(outflow) from financing activities		**761.3**	(2,852.1)
Net increase/(decrease) in cash and cash equivalents		**40.8**	(302.5)
Cash and cash equivalents at the beginning of the financial period		**1,226.2**	1,528.7
Cash and cash equivalents at end of year	4(A)	**1,267.0**	1,226.2

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

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Notes to the Consolidated Financial Statements

1. General information

The information presented in Note 1 is considered relevant to an understanding of the consolidated financial statements.

A. Reporting entity

These consolidated financial statements are for the consolidated Group consisting of Pepper Money Limited ("Pepper Money" or "the Company") and its controlled entities ("the Group") and were approved and authorised for issue in accordance with a resolution of the Directors on 19 February 2026.

Pepper Money Limited is a public company limited by shares incorporated and registered in Australia. The ASX ticker code is PPM.

The principal accounting policies adopted in the preparation of this financial report are set out below or in the accompanying Notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The principal activities of the Group and nature of the Group's operations are detailed in the Directors' Report.

B. Significant transaction in the current reporting period

On 3 November 2025, the Group entered into a consortium to acquire the RAMS home loan portfolio from Westpac Banking Corporation. The portfolio comprised approximately $21.4 billion in residential mortgages as at 30 September 2025.

In addition, the Group:

- signed a Binding Sale Agreement ("BSA") to acquire the legal title to the loans;
- will be appointed as the Servicer of the portfolio; and
- will hold a small investment in the securitisation financing vehicle, which will acquire the beneficial interest in the loan portfolio, along with the other consortium members.

The transaction is not expected to finalise until the second half of 2026, subject to satisfaction of various conditions precedent.

The financial position and performance of the Group was not materially affected by this transaction during the current reporting period.

C. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and investments that have been measured at fair value.

The accounting policies are consistent with Australian Accounting Standards. The consolidated financial statements are presented in Australian dollars ($), which is Pepper Money's functional and presentation currency. All amounts are rounded to nearest millions, except when otherwise indicated.

The Directors consider the Group able to pay their debts as and when they fall due, and therefore the Group can continue as a going concern.

D. Statement of compliance

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The financial statements comprise the consolidated financial statements of the Group. Pepper Money Limited is a for-profit entity for the purpose of preparing these consolidated financial statements.

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E. Accounting estimates

The preparation of the consolidated financial statements requires the use of judgement, estimates and assumptions about the carrying value of assets, liabilities, revenues and expenses that are not readily apparent from other sources. Should different assumptions or estimates be applied, the resulting values may change, impacting the net assets and income of the Group. These accounting estimates and assumptions are reviewed on an ongoing basis.

The nature of significant estimates and judgements that the Directors have made in the process of applying the Group's accounting policies, are noted below.

a. Determination of impairment losses on loans and advances

The Group recognises an allowance for expected credit losses ("ECLs" or "Provisions for loan impairment") for all financial assets held at either amortised cost, or fair value through other comprehensive income.

Credit risk on other financial assets held at amortised cost, including Cash and cash equivalents and debt investments held at amortised cost, is assessed as low and probability of default negligible. Accordingly, the ECL recognised on these financial assets is immaterial.

The Group's approach to ECL estimation in respect of Loans and advances is detailed below. The ECL required in respect of other credit risk exposures is not material to the Group.

ECL for loans and advances

The Group's approach consists of three components, being:

1. modelled collective ECL;
2. post-model overlay adjustments; and
3. specific provisions.

ECLs are monitored on a monthly basis as part of the Group's overall approach to monitoring, measuring and managing credit risk. A portfolio approach is taken in managing credit risk, with the individual management of facilities/customers applied to address specific circumstances as the credit life-cycle develops. The Group has aligned its approach to estimating ECLs with its credit risk management practices and the requirements of AASB 9 *Financial Instruments*, which incorporates classification between the following three stages at each reporting date:

	Stage	Required provision	Provision approach
Stage 1	Performing loans and advances less than 30 days past due	Losses that arise from a default event in the next 12 months	Modelled collective provision, post-model overlay adjustments
Stage 2	All loans and advances where a significant increase in credit risk has occurred since origination (see below for further detail)	Loss provision equal to the expected loss over the expected lifetime of the asset	Modelled collective provision, post-model overlay adjustments
Stage 3	All loans and advances 90+ days in arrears, other loans and advances which are considered credit impaired (e.g. where the counterparty has been declared bankrupt)	Lifetime ECL provision incorporating a 100% probability of default	Modelled collective provision, post-model overlay adjustments, specific provisions

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Key estimates for expected credit loss

The following items are the key matters of judgement in estimating ECLs:

Significant increase in credit risk ("SICR")	An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative (e.g. watch lists), quantitative (e.g. 30+ days in arrears), and other reasonable, supportable forward-looking information.
Probability of default ("PD")	An estimate of the likelihood of default over a given time horizon. The Group's PDs are estimates considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to consider estimates of future conditions that will impact PD.
Loss given default ("LGD")	An estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering the cash flow capacity of the borrower (including collateral). The LGD is net of recoveries and other costs (e.g. collection charges and legal fees).
Exposure at default ("EAD")	The estimated outstanding amount of credit exposure at the time of default, considering repayment of principal and interest, expected additional drawdowns and accrued interest.
Forward-looking adjustments	Captures estimated impacts of scenario weighted macro-economic assumptions. The Group considers macro-economic factors including inflation, unemployment rates and the cash rate analysed across three scenarios - base case, upside and downside. The Group's analysis is informed by a combination of publicly available macro-economic forecasts in respect of the Australian and New Zealand economies, combined with Group portfolio information, judgement and analysis. The macro-economic variables used in the base case, upside and downside scenarios, as well as the weighting applied to the three scenarios has changed since 31 December 2024. Refer to Note 8(B)(c) for more information.
Post-model overlay adjustments	The Group applies adjustments to the modelled ECL result to ensure that the provision balance is sufficiently responding to changes in the credit risk profile of the loans which are not modelled in the above assumptions. As at 31 December 2025, the post-model overlay adjustment was $4.8 million (31 December 2024: $10.0 million). The provision is considered prudent by Management given ongoing inflationary pressures creating uncertainty and cost of living pressures.

b. Goodwill and intangibles

Goodwill on acquisitions of subsidiaries is included in Goodwill and intangibles in the statement of financial position. The Group determines whether Goodwill and other intangible assets with indefinite useful lives, are impaired at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Impairment testing requires an estimation of the recoverable amount of the cash generating units to which the Goodwill and other intangible assets with indefinite useful lives are allocated, or where impairment indicators are identified.

Refer to Note 10(B) for further information, including the key assumptions applied.

c. Share-based payments valuation

In measuring and recognising various equity-settled share-based payment arrangements, the Group utilises valuation models which require judgement, such as grant date fair value and vesting probability. Refer to Note 11 for further information on the key models and valuation assumptions.

d. Net present value of trail commission payable

The recognition of expected future trail commission payable in the statement of financial position is an accounting estimate, given the valuation techniques and assumptions applied in the modelling.

Key assumptions underlying the estimation of the present value of future cash flows include the run-off rate and discount rate. These assumptions are determined based on experience and current and forecast economic factors.

Refer to Note 6 for further information, including the key assumptions used.

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F. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2. Application of new and revised accounting standards

A. New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- Amendments to AASB 10 and AASB 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to AASB 9 and AASB 7 *Contracts Referencing Nature-dependent Electricity (AASB 2025-1)*
- Amendments to AASB 9 and AASB 7 *Classification and measurement of financial instruments (AASB 2024-2)*
- Amendments to AASB 1 and AASB 7 and AASB 9 and AASB 10 and AASB 107 *Annual improvements Volume 11 (AASB 2024-3)*
- AASB 18 *Presentation and disclosure in financial statements*. This replaces AASB 101 *Presentation of Financial Statements*. It will not change the recognition and measurement of items in the financial statements, but will affect presentation and disclosure in the financial statements, including introducing new categories and defined subtotals in the Statement of profit or loss, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements in future years.

B. Accounting standards adopted in the period

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Amendments were mandatorily effective for the year ended 31 December 2025 but did not have a material impact on the consolidated financial statements of the Group.

3. Financial performance

A. Interest income and interest expense

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Interest income:		
Interest from customers	**1,233.5**	1,382.5
Bank interest	**42.1**	53.6
Total interest income	**1,275.6**	1,436.1
Interest expense:		
Interest expense	**(940.0)**	(1,094.7)
Net interest income	**335.6**	341.4

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Loans and advances are measured on an amortised cost basis on the consolidated statement of financial position. Interest income is recognised over the life of the loan, taking into account all income and expenditure directly attributable to the origination of the loan. The rate at which interest income is recognised is referred to as the effective interest rate ("EIR") and is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life to the net carrying value of the loan. The revenue stream includes interest revenue, loan protection fees or mortgage risk fees (together referred to as "mortgage protection fees") received at loan settlement. Transaction costs, such as broker commissions, are also spread across the expected life of the loan in interest income. Interest income is recognised in the consolidated statement of profit or loss by applying the effective interest rate to the net carrying amount of any financial asset classified in Stage 3 for impairment.

Interest expense is also recognised on an EIR basis and includes costs directly associated with bringing to account the funding facilities used to fund the Group's lending assets. These are transaction costs incurred by the Group in facilitating the issue of debt securities. These costs are amortised to the consolidated statement of profit or loss over the average expected life of the debt securities using the EIR. On a consolidated basis, these costs are included as part of the amortised cost of the debt securities.

B. Non-interest income and expenses

Lending fee income

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Settlement fees	**34.3**	29.5
Post-settlement fees	**33.7**	36.1
Total lending fee income	**68.0**	65.6

Lending fee income includes fees other than those that are an integral part of EIR (see Note 3(A)) and includes loan fees paid by the customer such as application fees, discharge fees, settlement fees and post-settlement fees. The performance obligation for these fees is met either at a point in time when the underlying service is completed (settlement and discharge) or over time (loan administration) when the fee is charged to the customer and revenue is recognised.

Post-settlement fees, which relate to distinct transactional or administrative services performed after loan settlement, are recognised as revenue at the point in time the service is delivered or over time where the activity represents an ongoing service.

Lending expense

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Trustee and other special purpose vehicle ("SPV") expenses	**(2.6)**	(2.9)
Enforcement costs	**(9.2)**	(10.0)
GST input tax loss	**(3.9)**	(4.1)
Origination expense	**(6.5)**	(4.8)
Other lending expense	**(8.0)**	(7.7)
Total lending expense	**(30.2)**	(29.5)

Total lending expenses include valuation, trustee, custodian and servicer fees, unrecoverable GST and other lending-related fees which are expensed when incurred.

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Servicing fees and other income

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Loan and other servicing income	**14.5**	5.7
Brokerage commissions	**8.1**	11.4
Volume bonuses and incentives	**6.9**	6.8
Other income	**10.5**	11.7
Total servicing fees and other income	**40.0**	35.6

Loan and other servicing fees are negotiated per contract. They include a base and variable component and typically include a performance-based element linked to the achievement of performance milestones, as well as financial outcomes for the owners of the loan assets. The servicing rates charged vary depending on the complexity of the portfolio, size of mandate and other relevant factors.

Servicing fee income is recognised over time as the servicing activities are performed and the Group earns the right to consideration, as identified in the contractual pricing arrangements the Group has with its customers.

Brokerage commissions are recognised on an accrual basis upon settlement of the loan.

Volume bonuses and incentives are recognised over time as the hurdles which trigger bonuses/incentives are met.

C. Disaggregation of revenue from contracts with customers

The below table summarises revenue from contracts with customers recognised under AASB 15 *Revenue from Contracts with Customers*, and how this revenue is disaggregated by revenue type and timing of revenue recognition.

The table includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to Note 3(G)).

	Mortgages		Asset Finance		Loans and Other Servicing		Total	
Year ended 31 December	**2025 $M**	**2024 $M**	**2025 $M**	**2024 $M**	**2025 $M**	**2024 $M**	**2025 $M**	**2024 $M**
Revenue Type:								
Lending fee income	**24.2**	22.6	**43.8**	43.0	–	–	**68.0**	65.6
Whole loan sales income	**51.3**	31.5	**14.7**	11.3	–	–	**66.0**	42.8
Servicing fees and other income	**1.8**	0.3	**20.3**	24.2	**17.9**	11.1	**40.0**	35.6
Total revenue from contracts with customers	**77.3**	54.4	**78.8**	78.5	**17.9**	11.1	**174.0**	144.0
Timing of revenue recognition:								
Service transferred at a point in time	**77.3**	54.4	**71.9**	71.7	**3.4**	5.3	**152.6**	131.4
Services transferred over time	–	–	**6.9**	6.8	**14.5**	5.8	**21.4**	12.6
Total revenue from contracts with customers	**77.3**	54.4	**78.8**	78.5	**17.9**	11.1	**174.0**	144.0
Lending expense	**(17.4)**	(17.1)	**(12.6)**	(12.4)	**(0.2)**	–	**(30.2)**	(29.5)
Other operating income as reported in Note 3(G) Segment reporting	**59.9**	37.3	**66.2**	66.1	**17.7**	11.1	**143.8**	114.5

Whole loan sales gain is recognised when there is a sale of loans, originated by the Group, to a third party, which results in the derecognition of the loans from the Group and a gain on sale being recognised, in accordance with AASB 9 *Financial Instruments*. This gain has been included above for ease of reconciliation to Other operating income.

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D. Expenses

Employee benefits expense

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Salaries and wages	**(100.6)**	(97.0)
Employee incentive and share-based payments	**(26.2)**	(23.8)
Other personnel expenses	**(5.3)**	(5.5)
Total employee benefits expense	**(132.1)**	(126.3)

Employee benefits expenses are recorded primarily in respect of wages and salaries, superannuation, bonuses, share-based payments, annual leave and long service leave and are recognised in respect of employees' services up to the end of the reporting period.

Refer to Note 11 for detail on the share-based payment schemes.

Depreciation and amortisation expense

		Year ended	
	Notes	**31 December 2025 $M**	**31 December 2024 $M**
Depreciation of Property, plant and equipment		**(0.7)**	(1.1)
Amortisation of intangibles	10(B)	**(11.2)**	(12.7)
Depreciation of Right of use asset	10(A)	**(4.5)**	(5.6)
Total depreciation and amortisation expense		**(16.4)**	(19.4)

Depreciation and amortisation expense is provided on a straight line basis over the estimated useful life of each specific asset item.

Corporate interest expense

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Corporate debt facility	**(20.7)**	(26.8)
Lease liability interest	**(1.8)**	(2.4)
Total corporate interest expense	**(22.5)**	(29.2)

Corporate interest expenses relate to interest paid on corporate debt facilities measured under the EIR method. Refer to Note 5 for further disclosures.

Lease liability interest is recognised on the Group's Lease liability. Refer to Note 10(A).

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E. Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except where it relates to a business combination, or items recognised in equity or other comprehensive income.

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

b. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax base used for income tax purposes. Deferred tax assets and liabilities are not recognised in respect of temporary differences arising from:

- the initial recognition of other assets and liabilities (other than in a business combination) that affects neither the taxable income nor the accounting profit and does not give rise to equal taxable and deductible temporary differences;
- investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- the initial recognition of goodwill.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is determined using the tax rates that are expected to apply in the periods in which the temporary differences reverse, based on income tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and the Group intends to settle them on a net basis.

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	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
(i) Income tax recognised in profit or loss		
Current tax		
Current tax expense in respect of the current year	**57.2**	47.7
Adjustments recognised in the current year in relation to the current tax of prior years	**2.7**	(1.6)
Total current tax expense	**59.9**	46.1
Deferred tax		
Deferred tax benefit recognised in the current year	**(12.2)**	(4.8)
Adjustments recognised in the current year in relation to the deferred tax of prior years	**(5.8)**	0.4
Total deferred tax benefit	**(18.0)**	(4.4)
Total income tax expense recognised in the current year	**41.9**	41.7
(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before income tax expense	**146.5**	139.9
Tax at the Australian tax rate of 30% (2024 – 30%)	**43.9**	42.0
Effect of different tax rates of operations in foreign jurisdictions	**(0.1)**	(0.4)
Effect of expenses that are not deductible in determining taxable profit	**1.2**	1.3
	45.0	42.9
Adjustments recognised in current year in relation to income tax of prior years	**(3.1)**	(1.2)
Income tax expense	**41.9**	41.7

The tax rate used for the reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on the taxable profits under Australian tax law.

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
(iii) Deferred tax balance movements		
Opening balance	**37.1**	21.8
Adjustment for prior periods	**5.8**	(0.4)
Adjusted opening balance	**42.9**	21.4
Current year tax recognised in the statement of profit or loss	**12.2**	4.7
Current year tax recognised in other comprehensive income	**(8.2)**	11.0
Closing balance	**46.9**	37.1

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	As at	
	31 December 2025 $M	**31 December 2024 $M**
(iv) Deferred tax balances		
Breakdown of closing balance as follows:		
Employee entitlements	**15.7**	10.4
Provisions	**0.3**	0.2
Deferred expenses	**(3.8)**	(4.1)
Provision for expected credit losses	**41.3**	35.0
Other financial assets	**4.1**	(0.3)
Derivatives	**(11.4)**	(3.3)
Recognition of tax assets relating to tax losses	**1.7**	1.7
Recognition of tax liabilities relating to intangibles in business combination	**(3.1)**	(3.4)
Right of use assets	**(4.7)**	(7.1)
Lease liabilities	**6.1**	8.7
Trail commission payable	**20.7**	16.1
Capitalised trail commission	**(20.7)**	(16.1)
Other	**0.7**	(0.7)
	46.9	37.1
Deferred tax balances are presented in the balance sheet as follows:		
Deferred tax assets	**46.9**	37.1
	46.9	37.1

A deferred tax asset has not been recognised for $1.3 million of unused capital losses in Australia (2024: $1.3 million).

c. International tax reform – Pillar Two model rules

The Group, in conjunction with the ultimate parent entity Pepper Global Topco Limited ("Topco"), became subject to the OECD Pillar Two model rules from 1 January 2024 based on new UK guidance issued by His Majesty's Revenue and Customs in August 2025.

The Pillar Two model rules are designed to ensure large multinational enterprises pay a minimum level of tax of 15% in each of the jurisdictions they operate in.

Based on the assessment performed, the Group does not expect any Pillar Two income taxes to apply and has adopted the mandatory temporary exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two under AASB 112 *Income Taxes*.

d. Australian tax consolidated group

Pepper Money Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation for Australian income tax purposes. The deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

The head entity, Pepper Money Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Pepper Money Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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The entities have also entered into a tax sharing and funding agreement under which the wholly-owned entities fully compensate Pepper Money Limited for any current tax payable assumed and are compensated by Pepper Money Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Pepper Money Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' standalone financial statements.

Assets or liabilities arising under the tax sharing and funding agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax sharing and funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

F. Earnings per share

a. Methodology

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

b. EPS calculation inputs

	Year ended	
	31 December 2025	**31 December 2024**
Profit from continuing operations attributable to ordinary equity holders of the Group ($M)	**104.6**	98.2
Weighted average number of ordinary shares (WANOS) used in the calculation of basic EPS (millions of shares)	**443.3**	440.7
Dilutive effect of share options (millions of shares)	**18.8**	19.6
WANOS used in the calculation of diluted shares (millions of shares)	**462.1**	460.3

c. Basic earnings per share

	Year ended	
	31 December 2025 Cents	**31 December 2024 Cents**
Basic EPS	**23.59**	22.29
Total basic EPS attributable to the ordinary equity holders of the Group	**23.59**	22.29

d. Diluted earnings per share

	Year ended	
	31 December 2025 Cents	**31 December 2024 Cents**
Diluted EPS	**22.63**	21.34
Total diluted EPS attributable to the ordinary equity holders of the Group	**22.63**	21.34

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G. Segment reporting

Operating segments are presented on a basis that is consistent with information reported to the Group's Board and Executive Committee (the chief operating decision makers) for the assessment of segment performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies. All assets and liabilities are allocated to reportable segments and there was no intersegment revenues in the current reporting period (2024: Nil). The Mortgages and Asset Finance segments include the relevant structured entities which hold the Group's mortgage and asset finance assets and liabilities. There is no equity in these structured entities and as a result segment assets equal segment liabilities.

The chief operating decision makers examine the Group's performance from a portfolio perspective and have identified the following operating and reportable segments:

- The **Mortgages** segment includes both residential mortgages and commercial real estate and includes the revenues and direct expenses associated with the origination of residential mortgages in Australia and New Zealand and with the origination of small balance commercial real estate and Self Managed Super Fund ("SMSF") loans in Australia. Mortgage lending comprises prime and non-conforming mortgages.
- The **Asset Finance** segment includes the revenues and direct expenses associated with the origination and ongoing ownership of loans secured over a range of assets, including new and used cars, caravans, small commercial equipment and novated leasing in Australia. The Group's wholly owned subsidiary Stratton Finance Pty Ltd ("Stratton") is included within this segment given common customer base, revenues and cost synergies.
- The **Loan and Other Servicing** segment includes the revenues and direct expenses associated with the servicing and/or administration of loan portfolios for third parties conducted by the Group.

In addition to those segments identified above, Management has identified the Corporate division for inclusion in this disclosure. Although not meeting the strict definition of an operating segment by virtue of the fact it does not earn revenues, Management believe that the Corporate division is essential to understanding how the business operates.

a. Segment income statement

Information regarding these segments is presented below. All revenue is derived from external customers.

The following is an analysis of the Group's revenue and results by reportable operating segments. Total segment reporting income represents the income earned by each segment without allocation of operating expenses and income tax expense.

	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
Year ended 31 December 2025					
Interest income	753.5	519.7	–	2.4	1,275.6
Interest expense	(597.6)	(342.4)	–	–	(940.0)
Net interest income	155.9	177.3	–	2.4	335.6
Other operating income	59.9	66.2	17.7	–	143.8
Loan losses	(0.2)	(90.4)	–	–	(90.6)
Total segment reporting income	215.6	153.1	17.7	2.4	388.8
Corporate costs	–	–	–	(203.4)	(203.4)
Depreciation and amortisation	–	–	–	(16.4)	(16.4)
Corporate interest expense	–	–	–	(22.5)	(22.5)
Profit before income tax	215.6	153.1	17.7	(239.9)	146.5
Income tax expense	–	–	–	(41.9)	(41.9)
Net profit after tax	215.6	153.1	17.7	(281.8)	104.6

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	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
Year ended 31 December 2024					
Interest income	955.4	478.1	(0.1)	2.7	1,436.1
Interest expense	(764.8)	(329.9)	–	–	(1,094.7)
Net interest income	190.6	148.2	(0.1)	2.7	341.4
Other operating income	37.3	66.1	11.0	0.1	114.5
Loan losses	5.8	(75.1)	–	–	(69.3)
Total segment reporting income	233.7	139.2	10.9	2.8	386.6
Corporate costs	–	–	–	(198.1)	(198.1)
Depreciation and amortisation	–	–	–	(19.4)	(19.4)
Corporate interest expense	–	–	–	(29.2)	(29.2)
Profit before income tax	233.7	139.2	10.9	(243.9)	139.9
Income tax expense	–	–	–	(41.7)	(41.7)
Net profit after tax	233.7	139.2	10.9	(285.6)	98.2

b. Segment balance sheet

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Mortgages $M	Asset Finance $M	Loan and Other Servicing $M	Corporate $M	Total $M
As at 31 December 2025					
Segment assets	**10,325.5**	**5,660.1**	**–**	**2,414.1**	**18,399.7**
Segment liabilities	**(10,325.5)**	**(5,666.6)**	**–**	**(1,524.5)**	**(17,516.6)**
Current tax asset/(liability)	**–**	**–**	**–**	**(13.2)**	**(13.2)**
Total	**–**	**(6.5)**	**–**	**876.4**	**869.9**
As at 31 December 2024					
Segment assets	10,725.3	5,430.0	0.8	1,316.3	17,472.4
Segment liabilities	(10,725.3)	(5,435.7)	(0.8)	(442.5)	(16,604.3)
Current tax asset/(liability)	–	3.3	–	(15.8)	(12.5)
Total	–	(2.4)	–	858.0	855.6

The Corporate division represents the Group's support functions not specifically aligned to business operations in the other divisions listed above (specifically Finance, Treasury, Risk, Human Resources, Administration, Legal and Technology) as well as the Group's executives' costs. Operating foreign exchange gains or losses are also presented as part of the Corporate division.

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H. Dividends

a. Amounts recognised as distributions to equity holders during the reporting period

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Final 2024 dividend: $0.071 (2023: $0.050)	**31.5**	22.0
Interim 2025 dividend: $0.064 (2024: $0.050)	**28.4**	22.1
Special 2025 dividend: $0.125 (2024: Nil)	**55.5**	–
Total	**115.4**	44.1

All dividends were fully franked at 30%.

b. Proposed dividends not recognised as a liability at the end of the reporting period

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Final 2025 dividend: $0.078 (2024: $0.071)	**34.7**	31.2

On 19 February 2026, the Directors declared a fully franked Final dividend of 7.8 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 31 December 2025. The Final dividend is to be paid to shareholders on 16 April 2026. The record date is 13 March 2026.

The total estimated Final dividend to be paid is $34.7 million.

c. Franking credits

	Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Franking credits available for future years at 30%, adjusted for the payment of income tax and dividends payable or receivable	**135.6**	127.1
Impact on the franking account of dividends proposed before the financial report was issued, but not recognised as a distribution to equity holders during the year	**(14.9)**	(13.4)

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

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4. Financial assets

A. Cash and cash equivalents

Cash and cash equivalents comprise the Group's unrestricted cash (i.e. cash at bank and cash in transit) and restricted cash held in the limited recourse financing vehicles. Restricted cash includes monies in the SPVs and securitisation trusts on behalf of members in those Trusts and various clearing accounts. Restricted cash is not available for operational use.

	As at	
	31 December 2025 $M	31 December 2024 $M
Cash at bank	**121.8**	124.0
Restricted cash	**1,145.2**	1,102.2
Total cash and cash equivalents	**1,267.0**	1,226.2

	Year ended	
	31 December 2025 $M	31 December 2024 $M
Reconciliation of profit after tax for the year to net cash flows from operating activities		
Net profit after income tax	**104.6**	98.2
Non-cash items:		
Depreciation and amortisation expense	**16.4**	19.4
Amortisation of debt issuance transaction costs	**18.2**	9.9
Loan loss expense	**90.6**	69.3
Amortisation of loan origination fees and commissions	**126.6**	124.7
Employee benefits and share-based payment expenses	**12.7**	12.7
Fair value losses on financial assets	**3.5**	3.9
Impairment losses on intangible assets	**–**	7.4
Other non-cash operating items	**(4.1)**	(1.0)
Total non-cash items	**263.9**	246.3
Cash movements in:		
Receivables	**(12.1)**	7.5
Loans and advances	**(1,064.9)**	2,246.7
Other assets	**3.0**	(1.7)
Trade payables	**1.5**	(2.3)
Current tax liabilities	**(10.8)**	4.2
Total cash movements in assets and liabilities	**(1,083.3)**	2,254.4
Net profit after non-cash items	**368.5**	344.5
Total operating cash movements	**(714.8)**	2,598.9

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	Reconciliation of Financing Activities			
	Issued Capital $M	**Borrowings $M**	**Lease liability (in Other liabilities) $M**	**Total $M**
As at 31 December 2024	730.7	16,467.4	28.2	17,226.3
Financing cash flow	(0.4)	883.5	(6.4)	876.7
Non-cash movements	7.7	(20.0)	(0.4)	(12.7)
Other cash movements	–	41.5	–	41.5
As at 31 December 2025	**738.0**	**17,372.4**	**21.4**	**18,131.8**

B. Gross loans and advances

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Gross loans and advances		
Loans and advances	**16,720.9**	15,879.8
Deferred transaction costs	**252.7**	226.8
Capitalised brokerage costs	**69.0**	53.8
Mortgage risk fee	**(50.0)**	(51.7)
Provision for loan impairment	**(138.6)**	(116.9)
	16,854.0	15,991.8
Provision for loan impairment		
Specific provision	**(41.2)**	(39.6)
Collective provision	**(97.4)**	(77.3)
	(138.6)	(116.9)
Specific provision		
Opening balance	**(39.6)**	(38.7)
Provided for during the year	**(70.5)**	(72.9)
Loans previously provided for written-off or sold	**68.9**	72.0
Specific provision closing balance	**(41.2)**	(39.6)
Collective provision		
Opening balance	**(77.3)**	(80.9)
(Provided for)/released during the year	**(20.1)**	3.6
Collective provision closing balance	**(97.4)**	(77.3)

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Accounting policy

Initial recognition

Loans and advances are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions. Loans and advances are initially measured at fair value plus transaction costs directly attributable to the origination of the loans. Refer to Note 1(E)(a) for further information.

Classification

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Loans and advances are measured at amortised cost if both of the following conditions are met:

- they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of each contract give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's loans and advances meet the above criteria and therefore are measured at amortised cost.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Transaction costs include broker fees and commissions capitalised on the balance sheet as part of loans and advances. These costs are amortised to the consolidated income statement as part of the effective interest rate.

Loans and advances acquired at a premium or discount are initially recognised at fair value. The premium or discount on acquisition is included in the initial carrying amount of the loan and is subsequently amortised over the expected life of the asset using the EIR method, with the resulting impact recognised within interest income.

Derecognition

Loans and advances are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantively all of the risks and rewards of ownership are transferred (e.g. a whole loan sale) or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control.

Upon derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised as a gain or loss on the consolidated income statement.

C. Other financial assets

Other financial assets comprise of:

- equity and debt portfolio investments held at fair value through profit or loss ("FVTPL") or amortised cost; and
- funds held for the Group's on-market share buyback.

Investments held at amortised cost have been assessed for credit risk as required under AASB 9 *Financial Instruments*. The ECL has been assessed as immaterial and no provision has been recognised.

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Equity investments held at FVTPL	**11.8**	15.3
Debt investments held at amortised cost	**1.8**	–
Funds held for on-market share buyback	**1.6**	–
Total other financial assets	**15.2**	15.3

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Equity Investments

The Group holds equity investments in several private companies that are not traded in an active market. These investments were designated on initial recognition at FVTPL and are disclosed at fair value at the end of each reporting period.

5. Financial liabilities

Borrowings

All borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are measured at amortised cost using the EIR method.

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Non-recourse facilities	**17,223.5**	16,250.5
Corporate debt facilities	**148.9**	216.9
Total borrowings	**17,372.4**	16,467.4

Non-recourse facilities are secured on the assets of each of the individual trusts. Refer to Note 8(B)(f) for more detail.

Corporate debt facilities secured over certain assets of the Group were also in place in the years ended 31 December 2024 and 31 December 2025.

On 23 May 2024, the Group entered into a secured, syndicated 3-year revolving credit facility. As at 31 December 2025, $97.5 million was drawn down on the total facility of $270.0 million (31 December 2024: $125.0 million drawn on a total facility of $270.0 million). This facility carries a floating interest rate at 3-month BBSY plus a margin (31 December 2024: floating interest rate at 3-month BBSY plus a margin).

Transaction costs directly attributable to the facility have been capitalised and are amortised over the facility term.

A debt issuance programme was established in October 2021. As at 31 December 2025, the value of outstanding floating rate notes was $50.0 million (31 December 2024: $90.0 million). These notes carry a floating interest rate at 3-month BBSW plus a margin. Transaction costs directly attributable to the notes have been capitalised and are amortised over the facility term.

6. Other financial liabilities – trail commission payable

Trail commission payable

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Present value of trail commission payable	**68.8**	53.8

The Group makes trail commission payments in respect of mortgages originated through brokers in Australia and New Zealand. These payments are based on monthly loan balances outstanding (excluding 0% commission rate loans and "in-arrears" loans).

On initial recognition of a mortgage loan at settlement, the Group recognises a trail commission financial liability which is recognised based on the net present value ("NPV") of expected future trailing commission payable to brokers. Subsequent to initial recognition, trail commission financial liability is measured at amortised cost using the EIR method.

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A corresponding capitalised trail commission asset is capitalised to the loan as part of the transaction costs.

The following key assumptions have been used in the determination of the estimated future cash flows:

	As at	
	31 December 2025	**31 December 2024**
Run-off rate (depending on product and loan seasoning)	**Between 12.7% – 47.3%**	Between 16.4% – 44.3%
Discount rate	**Between 10.2% – 12.6%**	Between 10.2% – 11.7%

Run-off rate

The run-off rate consists of discharges, prepayments and scheduled loan repayments and is the most sensitive factor in the NPV modelling. It is calculated based on observed portfolio seasoning performance and reflects expected behavioural life. It incorporates historical averages, key run-off drivers and prior-year trends.

Discount rate

For the purposes of the valuation, the post-tax discount rate is set for each cohort of originations within the relevant period.

The discount rate reflects the current market assessment of the time value of money and the risks that are specific to the estimated future cash flows. It is calculated using an estimated cost of financing the Group, based on the Group's existing weighted average cost of funds and a premium given the nature of the implied funding arrangement.

Sensitivity analysis

Sensitivity analysis (on the trail commission payable) has been performed on both the run-off rate and discount rate:

- the impact of a +/- 2% movement in the run-off rate is $3.2 million; and
- the impact of a +/- 1% movement in the discount rate is $1.3 million.

7. Provisions

	As at 31 December 2025			As at 31 December 2024		
	<12 months $M	**>12 months $M**	**Total**	**<12 months $M**	**<12 months $M**	**Total**
Bonus and other employee benefits	**23.9**	**6.6**	**30.5**	19.9	6.0	25.9
Provisions	**1.9**	**–**	**1.9**	1.8	–	1.8
Total provisions	**25.8**	**6.6**	**32.4**	21.7	6.0	27.7

Employee benefits

Employee benefit liabilities are recognised for benefits accruing to employees predominantly in respect of wages and salaries, bonuses, annual leave and long service leave and are recognised in respect of employees' services up to the end of the reporting period. Bonuses are dependent upon the financial and other key performance measures of the Group.

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8. Financial instrument disclosures

A. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following assets and liabilities are measured at fair value by the Group for financial reporting purposes:

			As at	
	Fair value hierarchy	**Valuation technique and key inputs**	**31 December 2025 $M**	**31 December 2024 $M**
Equity investments at FVTPL	Level 2	Arm's length market transaction	–	8.4
Equity investments at FVTPL	Level 3	Market approach based on acquisition value and financial performance since acquisition, adjusted for changes in macro-economic factors	**11.8**	6.9
Derivative financial assets and liabilities	Level 2	Discounted cash flow, forward interest rates, contract interest rates, counterparty valuations	**37.9**	10.7
Total			**49.7**	26.0

For the period to 31 December 2025, there has been no change in the valuation techniques applied to any of the balances above.

Level 3 equity investments at FVTPL	**$M**
Opening balance as at 1 January 2025	**6.9**
Transfer to Level 3 equity investments at FVTPL	**8.4**
Fair value (losses) on financial assets	**(3.5)**
Closing balance as at 31 December 2025	**11.8**

Fair value of financial assets and liabilities not measured at fair value

The Group has considered all financial assets and liabilities not carried at fair value to determine whether the carrying value is an accurate reflection of fair value. For financial assets and liabilities whose carrying value does not accurately reflect the fair value, the Group performed a discounted cash flow valuation to determine fair value at the balance date.

Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair value.

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B. Financial risk management

a. Overview

The Group has exposure to those risks associated with most financial services organisations. The more notable risks are as follows:

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, loans and advances.	Credit risk analysis, Credit ratings.
Market risk – foreign exchange	Future commercial transactions, recognised foreign currency financial assets and liabilities.	Cash flow forecasting, Sensitivity analysis.
Market risk – interest rate	Mismatch in interest rates between assets and liabilities.	Sensitivity analysis.
Market risk – equity price risk	Exposure to movements in enterprise value of investees.	Sensitivity analysis.
Liquidity risk	Borrowings, derivative financial liabilities and other liabilities.	Rolling cash flow forecasts.

Roles and responsibilities

The Board is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has oversight of the Group's Risk Management Program, which includes operating within the Board-approved Risk Appetite Statement.

The Group's Risk Management Framework focuses on the unpredictability of financial markets and the effectiveness of controls to manage risks in a way which seeks to minimise potential adverse effects on the financial performance and reputation of the Group. The Group's Risk Management Framework leverages the "Three Lines of Accountability" model that ensures there is independent oversight of business activities and process by the Group Risk and Compliance function, and Internal Audit.

The Board has established an Audit and Risk Committee ("BARC") which is responsible for managing risk as follows:

- identifying and monitoring the emerging and changing risk profile of Group;
- ensuring that risk activities are governed by appropriate policies and procedures and that financial risks are identified; and
- reviewing the adequacy and effectiveness of internal systems, controls and procedures managing risks faced by the Group.

The BARC is supported by the following Management Committees:

1. Executive Risk Committee;
2. Credit Committee;
3. Asset and Liability Committee;
4. Product and Pricing Committee; and
5. Environmental, Social and Governance Committee.

Reporting

Monitoring and controlling risk is primarily based on limits established by the Board and BARC. The Chief Financial Officer and Chief Risk Officer report regularly to the Board and BARC.

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b. Credit risk

Credit risk is the risk that a counterparty will not meet its contractual obligations leading to a financial loss. The Group's primary credit risk exposures relate to its lending activities in its mortgage and asset finance portfolios.

The Board is responsible for determining the Group's overall appetite for credit risk and monitoring the quality and performance of the mortgage and asset finance portfolios.

i. Maximum exposure to credit risk and the relative credit quality of financial assets

		Relative credit quality of assets	
31 December 2025 $M	**Maximum exposure to credit risk**	**Rated***	**Unrated**
Cash and cash equivalents	1,267.0	Investment grade	–
Derivative financial instruments	40.7	Investment grade	–
Gross Mortgages loans and advances (including undrawn facilities)	11,519.2	–	
LVR Band 90%+			615.4
LVR Band 75-90%			4,725.0
LVR Band 60-75%			3,339.0
LVR Band <60%			2,839.8
Gross Asset Finance loans and advances	6,494.6	–	
Commercial			2,097.7
Consumer			1,987.2
Novated lease			2,409.7
Receivables	25.2	–	25.2
Total	19,346.7	–	18,039.0

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		Relative credit quality of assets	
31 December 2024 $M	**Maximum exposure to credit risk**	**Rated***	**Unrated**
Cash and cash equivalents	1,226.2	Investment grade	–
Derivative financial instruments	21.0	Investment grade	–
Gross Mortgages loans and advances (including undrawn facilities)	11,558.1	–	
LVR Band 90%+			220.1
LVR Band 75-90%			3,073.5
LVR Band 60-75%			3,373.0
LVR Band <60%			4,891.5
Gross Asset Finance loans and advances	5,633.2	–	
Commercial			2,060.9
Consumer			1,778.9
Novated lease			1,793.4
Receivables	13.9	–	13.9
Total	**18,452.4**	**–**	**17,205.2**

Investment grade: AAA to BBB by Standard & Poor's.

As at 31 December 2025 the Group had $1,331.8 million of undrawn customer facilities (2024: $1,301.3 million).

Undrawn customer commitments and redraw balances which can be cancelled at any time by the Group are not recognised on the statement of financial position. The Group recognises ECL on undrawn credit commitments as required by AASB 9 Financial Instruments. The ECL has been assessed as immaterial and no provision has been recognised.

Mortgage loans are secured by a first registered mortgage over the property. This provides the Group with first priority over the proceeds of any sale of the property to repay the outstanding balance of the loans.

Asset Finance loans are secured by a Purchase Money Security Interest ("PMSI") registered with the personal property security register over the financed asset. This provides the Group with first priority over the proceeds of any sale of the asset to repay the outstanding balance of the loans.

Collateral valuations are obtained at origination. Collateral valuations are updated in limited circumstances, such as when the Group becomes a mortgagee in possession.

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ii. Analysis of loans and advances by past due status

The table below provides an analysis of the gross carrying amount of loans and advances by past due status:

	Loans and advances ($M) 31 December 2025			Loans and advances ($M) 31 December 2024		
Days in arrears	**Mortgages**	**Asset Finance**	**Total**	**Mortgages**	**Asset Finance**	**Total**
0 days and less than 30 days	**10,256.2**	**6,257.0**	**16,513.2**	10,036.6	5,581.7	15,618.3
30 days and less than 90 days	**173.0**	**88.7**	**261.7**	182.4	91.7	274.1
90 days and less than 180 days	**85.6**	**26.3**	**111.9**	68.8	37.6	106.4
180 days and less than 365 days	**42.9**	**16.6**	**59.5**	45.5	24.7	70.2
365 days and over	**42.9**	**3.4**	**46.3**	32.8	6.9	39.7
Total	**10,600.6**	**6,392.0**	**16,992.6**	10,366.1	5,742.6	16,108.7

c. Expected credit loss provisions

Macro-economic scenarios

The provision coverage of the Group has been strengthened via forward looking adjustments for macro-economic assumptions. The ECL model includes macro-economic forecasts detailed in the table below representing the Group's view of future economic conditions. The Group applies a base case macro-economic scenario plus two alternative macro-economic scenarios (upside and downside) to reflect unbiased, probability weighted ranges of possible future outcomes in estimating ECL. As at 31 December 2025, the weighting applied to each of these scenarios was as follows:

- **Base case scenario** 65% (2024: 65%) – considers economist and RBA forecasts as well as the Group's base case assumptions used in Management's strategic planning and forecasting.
- **Upside scenario** 5% (2024: 5%) – considers the potential impact of more favourable economic conditions which are less likely to occur than in the base case scenario.
- **Downside scenario** 30% (2024: 30%) – considers the potential impact of possible, but less likely, adverse macro-economic conditions.

The table below summarises the macro-economic variables used in the base case, upside and downside scenarios as at 31 December 2025. Multipliers are derived qualitatively from stress test results and by comparison to other scenarios.

	2025		
	Upside case (5%)	**Base case (65%)**	**Downside case (30%)**
Macro-economic variable:			
CPI (%)	2.40%	3.30%	5.50%
Unemployment rate (%)	3.90%	4.40%	6.00%
Cash rate (%)	3.10%	3.35%	4.35%

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Post-model overlay adjustments

	Mortgages		Asset Finance		Total	
	31 December 2025 $M	**31 December 2024 $M**	**31 December 2025 $M**	**31 December 2024 $M**	**31 December 2025 $M**	**31 December 2024 $M**
Management overlay	**(2.0)**	(2.0)	**(2.8)**	(8.0)	**(4.8)**	(10.0)
Total	**(2.0)**	(2.0)	**(2.8)**	(8.0)	**(4.8)**	(10.0)

The post-model overlay adjustments comprise a Management overlay.

Management overlay

As at the reporting date, the Group maintained a Management overlay by applying adjustments to the modelled ECL results to ensure that the provision balance sufficiently responds to both known and potential changes in credit risk that would not be captured by the ECL model assumptions (i.e. the ECL model is deemed insufficient provision coverage).

Management continues to assess the level of provision coverage on a monthly basis and all overlays are reviewed by Management and approved by the Board for each reporting period.

d. Sensitivity of provisions

The Group applies three macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL.

The below table provides approximate levels of provisions for impairment under the base case and downside scenarios for the Group. It assumes 100% weighting was applied to each scenario and holding all other assumptions constant.

These scenarios and their associated weights have been selected based on the expected range of potential future loss outcomes.

	31 December 2025 $M	**31 December 2024 $M**
Reported probability-weighted ECL	**88.0**	60.3
100% base case scenario	**81.1**	56.4
100% downside scenario	**104.6**	71.5

Sensitivity of provisions for impairment to SICR assessment criteria

If 2% of Stage 1 credit exposures as at 31 December 2025 was included in Stage 2, provisions for impairment would **increase** by approximately $3.5 million (2024: $8.0 million).

If 1% of Stage 2 credit exposures as at 31 December 2025 was included in Stage 1, provisions for impairment would **decrease** by approximately less than $0.1 million (2024: $0.1 million).

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e. Staging analysis by loans and advances and provisions for impairment

The following tables show movements in:

- the gross carrying amount of financial assets subject to impairment requirements; and
- allowance for expected credit losses;

for the years ended 31 December 2025 and 31 December 2024.

Deferred transaction costs, mortgage risk fee, capitalised brokerage costs and loans and advances are incorporated in the gross carrying amount of loans and advances.

Loans and advances ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Gross carrying amount as at 1 January 2025	15,367.0	506.6	235.1	16,108.7
Transfer to Stage 1	266.8	(193.7)	(73.1)	–
Transfer to Stage 2	(345.1)	363.3	(18.2)	–
Transfer to Stage 3	(204.0)	(73.8)	277.8	–
Financial assets that have been derecognised during the period	(4,905.0)	(98.5)	(107.8)	(5,111.3)
New financial assets originated	7,782.7	77.9	12.4	7,873.0
Net repayments and interest for the period	(1,684.1)	(92.3)	(101.4)	(1,877.8)
Gross carrying amount as at 31 December 2025	16,278.3	489.5	224.8	16,992.6

Provision for loan impairment ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Loss allowance as at 1 January 2025	45.5	12.0	59.4	116.9
Transfer to Stage 1	19.6	(9.7)	(9.9)	–
Transfer to Stage 2	(1.6)	3.3	(1.7)	–
Transfer to Stage 3	(2.2)	(5.9)	8.1	–
Financial assets that have been derecognised during the period	(2.0)	(2.1)	(4.5)	(8.6)
New financial assets originated	16.1	5.3	2.0	23.4
Net repayments and interest for the period	(25.1)	15.2	12.0	2.1
Total	50.3	18.1	65.4	133.8
Post-model overlay adjustments	–	–	4.8	4.8
Loss allowance as at 31 December 2025	50.3	18.1	70.2	138.6

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Loans and advances ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Gross carrying amount as at 1 January 2024	17,869.1	398.3	231.6	18,499.0
Transfer to Stage 1	242.4	(195.0)	(47.4)	–
Transfer to Stage 2	(393.5)	414.2	(20.7)	–
Transfer to Stage 3	(121.9)	(45.1)	167.0	–
Financial assets that have been derecognised during the period	(6,010.5)	(123.2)	(103.2)	(6,236.9)
New financial assets originated	4,830.4	59.8	14.5	4,904.7
Net repayments and interest for the period	(1,049.0)	(2.4)	(6.7)	(1,058.1)
Gross carrying amount as at 31 December 2024	15,367.0	506.6	235.1	16,108.7

Provision for loan impairment ($M)	**Stage 1 (12-month ECL)**	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
Loss allowance as at 1 January 2024	53.3	9.2	48.4	110.9
Transfer to Stage 1	10.3	(4.0)	(6.3)	–
Transfer to Stage 2	(1.0)	2.9	(1.9)	–
Transfer to Stage 3	(0.6)	(1.2)	1.8	–
Financial assets that have been derecognised during the period	(7.0)	(2.9)	(21.6)	(31.5)
New financial assets originated	6.4	4.3	4.0	14.7
Net repayments and interest for the period	(15.9)	3.7	25.0	12.8
Total	45.5	12.0	49.4	106.9
Post-model overlay adjustments	–	–	–	10.0
Loss allowance as at 31 December 2024	45.5	12.0	49.4	116.9

The value of the collateral held as security for loans in the Stage 1, Stage 2 and Stage 3 collective provision as at 31 December 2025 is $19.1 billion (2024: $20.1 billion).

The value of the collateral held as security for loans in Stage 3 specific provision as at 31 December 2025 is $8.5 million (2024: $6.1 million).

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f. Economic exposure to credit risk in Loans and advances

The Group's exposure to loans and advances is limited, as they are legally owned by SPVs in the form of trusts, with limited recourse to the Group. The financial results of these SPVs have been consolidated with the results of the Group, as presented in this financial report.

The Group is required to invest in Credit Risk Retention ("CRR") Securities to meet CRR requirements of regulatory agencies in various investor jurisdictions. Specific debt financing arrangements are entered into by the Group with banks or other investors in order to fund the acquisition of these CRR Securities. These borrowings are full recourse to the Group to the extent that payments or proceeds are insufficient to cover the Group's obligations under the debt financing arrangements.

The nature and extent of the Group's interests can be summarised as follows:

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Investments in trust notes	**372.7**	454.1
Cash collateral	**70.6**	76.1
	443.3	530.2
CRR obligations	**620.3**	550.1
Total exposure	**1,063.6**	1,080.3

g. Market risk

Market risk is the risk of an adverse impact on the Group's earnings resulting from changes in market factors, including interest rates, foreign exchange rates and equity prices. Financial instruments affected by market risk include loans and borrowings, debt, equity investments and derivative financial instruments.

i. Interest rate risk

Interest rate exposure is created due to mismatches in interest rates between assets and liabilities (i.e. borrowing at floating interest rates and lending with fixed interest rates). Interest rate risk may be managed by entering into interest rate swaps subject to the Group's hedging and derivatives policies.

Of the Group's lending portfolio of $16.7 billion as at 31 December 2025 (2024: $15.9 billion), $6.8 billion is made up of loans and advances with fixed interest rates (2024: $6.1 billion) that are subject to interest rate risk.

Interest rate risk is managed by the Group by the use of interest rate swap contracts, in accordance with the Group's hedging and derivative policies, where the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on interest rates and the fair value risk of changing interest rates.

The Group designates the interest rate swaps as cash flow hedges and fair value hedges.

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Sensitivity analysis

The majority of the Group's liabilities are issued through warehouse facilities and term securitisations in special purpose vehicles. Under such arrangements, the repayment profile of the bonds is typically matched to the repayments collected from the loan assets.

For illustrative purposes, the Group has calculated the impact of a potential increase or decrease in borrowing costs in limited recourse entities for the year in the event of an increase / (decrease) 10bps change in interest rates, as shown in the table below:

	Impact on pre-tax profit +/- Year ended	
	31 December 2025 $M	**31 December 2024 $M**
Loans and advances in special purpose entities	**16.4**	17.2
Borrowing costs in special purpose entities	**17.7**	18.7

ii. Foreign currency risk

The Group's financial reports are prepared in Australian dollars. The Group's revenues, expenses, cash flows, assets and liabilities in regions outside Australia are denominated in local currencies, which include the New Zealand Dollar. The Group is exposed to exchange rate fluctuations relating to non-Australian dollar borrowings as well as its investments in foreign operations. The Group manages its foreign exchange risk by matching the currency of loan receivables and funding and by monitoring the cash flow requirements of the business on an ongoing basis. The Group also uses cross currency interest rate swap contracts to hedge fair value interest rate risk and foreign exchange risk when debt is issued in foreign currencies.

The Group hedges exposure to foreign currency risks with derivative instruments such that at 31 December 2025 there is no sensitivity to movements in foreign exchange rates. There is no material unhedged foreign exchange exposure as at 31 December 2025.

The Group does not currently hedge its offshore earnings or the capital invested in the overseas operations, thereby accepting the foreign currency translation risk on capital and offshore earnings.

iii. Equity price risk

The Group's equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through performing pre-acquisition due diligence on investees, ensuring strategic alignment with the Group's objectives and actively monitoring the ongoing financial performance of investees against budgets. The Group's Board of Directors reviews and approves all equity investment decisions.

The Group has determined that an increase/(decrease) of 10% could have an impact of approximately $1.2 million increase/(decrease) on the income and equity (2024: $1.5 million).

h. Derivatives and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross-currency interest rate swaps and interest rate swaps.

Derivatives are used for hedging financial risks as part of the Group's approach to risk management. They are not used for speculative purposes.

Accounting policy

Initial recognition and ongoing measurement

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as profit or loss immediately, adjusted for those derivatives in designated hedge relationships, as described below.

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Netting of derivative financial assets and liabilities

The Group currently has a legally enforceable right under an International Swap and Derivatives Association (ISDA) master agreement in place to net off the derivative assets and liabilities where they relate to the same trust and counterparty. Derivative payments and settlements are done on a net basis where they relate to the same trust and counterparty and the Group intend to continue this netting arrangement.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, or cash flow hedges, as appropriate.

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group has applied the hedge ratio of 1:1 to all hedge relationships.

Treatment of gains or losses

The fair value gain or loss associated with the effective portion of derivatives that are designated and qualify as cash flow hedges is recognised initially in other comprehensive income and then recycled to the income statement in the same period the hedged item affects the income statement. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

Gains or losses from remeasuring the hedging instruments designated as a fair value hedge are recognised in the income statement. In addition, changes in the fair value of the hedged item are recognised in the income statement.

Discontinuation

If the hedge no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a financial asset the amount recognised in equity is reclassified to profit or loss in the same period that the hedged item affects the statement of profit or loss and other comprehensive income.

Interest rate risk management

Interest rate swap contracts – cash flow hedges

The Group enters into interest rate swap contracts to offset the variability in cash flows from changing interest rates. As the critical terms of the interest rate swap contracts and the corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the cash flows of the interest rate swap contracts and the cash flows of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates and offset one another.

Interest rate swap contracts – fair value hedges

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

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Cross-currency interest rate swap contracts

The Group designates the cross-currency interest rate swap contracts in:

- fair value hedges of changing interest rates on foreign currency fixed rate borrowings; and
- cash flow hedges of foreign currency exposure on foreign currency borrowings.

The foreign currency basis spread of a cross-currency interest rate swap is excluded from the designation of that financial instrument as the hedging instrument. Changes in fair value of the foreign currency basis spread of a financial instrument is accumulated in the cash flow hedge reserve ("CFHR"), and is amortised to profit or loss on a rational basis over the term of the hedging relationship.

As the critical terms of the cross-currency interest rate swap contracts and their corresponding hedged items match, the Group performs a qualitative assessment of effectiveness. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the funding structure's credit risk on the fair value of the cross-currency interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Impacts of hedge accounting

The table below sets out the outcome of the Group's hedging strategy, as described above, including the notional and the carrying amounts of the derivatives the Group uses as hedging instruments.

Derivative financial assets/(liabilities):

		Fair value of derivative		Change in value		CFHR			
As at 31 December 2025	**Notional $M**	**Assets $M**	**Liabilities $M**	**Hedging instrument $M**	**Hedged item $M**	**Opening Dr/(Cr) $M**	**Movement Dr/(Cr) $M**	**Transfer to P&L Dr/(Cr) $M**	**Closing Dr/(Cr) $M**
Cash flow hedges									
Interest rate swaps	**6,650.4**	**40.7**	**(2.8)**	**48.7**	**(48.7)**	**(7.4)**	**(29.2)**	**10.1**	**(26.5)**
Cross-currency interest rate swaps	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**6,650.4**	**40.7**	**(2.8)**	**48.7**	**(48.7)**	**(7.4)**	**(29.2)**	**10.1**	**(26.5)**

		Fair value of derivative		Change in value		CFHR			
As at 31 December 2024	**Notional $M**	**Assets $M**	**Liabilities $M**	**Hedging instrument $M**	**Hedged item $M**	**Opening Dr/(Cr) $M**	**Movement Dr/(Cr) $M**	**Transfer to P&L Dr/(Cr) $M**	**Closing Dr/(Cr) $M**
Cash flow hedges									
Interest rate swaps	6,044.1	21.0	(10.3)	58.4	(58.4)	(33.4)	(16.1)	42.1	(7.4)
Cross-currency interest rate swaps	–	–	–	(0.5)	0.5	0.3	0.5	(0.8)	–
Total	6,044.1	21.0	(10.3)	57.9	(57.9)	(33.1)	(15.6)	41.3	(7.4)

The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss. A (gain) / loss occurs from the hedged item on spot rate revaluation and the foreign currency basis spread ("FCBS") amortised to profit or loss on a rational basis over the term of the hedging relationship. The 2025 opening balance of the CFHR contained a nil balance relating to FCBS (2024: $0.3 million). No movement occurred during the year due to changes in fair value (2024: increased by $0.2 million) and nil balance transferred to profit and loss (2024: $0.5 million).

No significant hedge ineffectiveness was recorded in either the current or prior period.

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Derivatives maturity profile

The following table details the portion of notional principal amounts reduced each year:

As at 31 December 2025	Average contracted fixed rate	< 1 year	1 – 2 years	2 – 5 years	> 5 years
Interest rate swap contracts					
Notional amount $M	**3.47%**	**2,106.4**	**2,109.0**	**2,363.8**	**71.1**

As at 31 December 2024	Average contracted fixed rate	< 1 year	1 – 2 years	2 – 5 years	> 5 years
Interest rate swap contracts					
Notional amount $M	3.30%	2,199.4	1,797.9	2,000.0	46.8

i. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's funding platform currently comprises a mix of secured warehouse facilities, term securitisations, corporate debt, debt issuance programme and equity. Refer to Notes 5 and 9 for more information on the Group's borrowings and equity respectively.

The majority of the Group's liabilities represent bonds issued by SPVs through warehouse facilities and term securitisation transactions. Under such arrangements, bondholder recourse is limited to the assets of the relevant special purpose vehicle to which the liability relates and the repayment profile of the bonds is matched to the repayments collected from the loan assets. Given the limited recourse nature of these borrowings, they have not all been included in the table below.

The Group's policy is to retain access to sufficient liquidity in the form of unencumbered liquid assets (i.e. unrestricted cash and readily available capital from corporate debt facilities) to meet potential funding requirements arising from potential stress events, without incurring unacceptable losses or risking damage to the Group's reputation. The amount of liquidity held is determined by policy, judgement and internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events.

The Group has cultivated long-term relationships with a range of domestic and international banks and professional investors as one of its key liquidity risk mitigants.

For the year ended 31 December 2025 there were no material breaches of any warehouse triggers and/or covenants that were not waived by the relevant funder(s) in the ordinary course of business.

The following table details the Group's remaining expected maturity for its financial liabilities and derivatives. The tables are based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group can be required to meet the obligation. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

Contractual maturities of financial liabilities As at 31 December 2025	Carrying amount $M	3 months or less $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total contractual cash flows $M
Payables and other liabilities	**(17.4)**	**(17.4)**	–	–	–	**(17.4)**
Borrowings – non-recourse facilities	**(2,381.7)**	**(37.4)**	**(754.3)**	**(1,883.2)**	–	**(2,674.9)**
Future trail commission payable	**(68.8)**	**(7.0)**	**(18.3)**	**(48.8)**	**(16.2)**	**(90.3)**
Derivative liabilities	**(2.8)**	**(0.3)**	**(0.8)**	**(1.7)**	–	**(2.8)**
Total	**(2,470.7)**	**(62.1)**	**(773.4)**	**(1,933.7)**	**(16.2)**	**(2,785.4)**

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Contractual maturities of financial liabilities As at 31 December 2024	Carrying amount $M	3 months or less $M	3 to 12 months $M	1 to 5 years $M	Over 5 years $M	Total contractual cash flows $M
Payables and other liabilities	(16.0)	(16.0)	–	–	–	(16.0)
Borrowings – non-recourse facilities	(2,281.8)	(44.5)	(828.6)	(1,689.1)	–	(2,562.2)
Future trail commission payable	(53.8)	(6.0)	(15.1)	(37.3)	(9.9)	(68.3)
Derivative liabilities	(10.3)	(0.7)	(2.0)	(7.1)	(0.6)	(10.4)
Total	(2,361.9)	(67.2)	(845.7)	(1,733.5)	(10.5)	(2,656.9)

j. Compliance and operational risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the entity may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice relevant to the entity. Operational risks are the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes risks such as data, IT, security, outsourcing and legal, but excludes strategic and reputational risks.

The Group's objective is to manage:

- **Compliance risk** to ensure that the Group is compliant with all applicable laws, regulations, codes of conduct and standards of good practice; and
- **Operational risk** so as to balance the avoidance of financial loss and damage to the Group's reputation, against excessive cost and control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Executives across the business. This responsibility is supported by the development of the Group's overall standards for management of compliance and operational risk in the following areas:

- compliance with regulatory and other legal requirements;
- adherence to the Group's overall compliance and operating standards and policies;
- third party supplier relationships, including the risk of modern slavery;
- business continuity and contingency planning;
- people and key person risk including training and professional development;
- outsourcing risk associated with materially outsourced services;
- competition risk;
- fraud risk;
- execution of the Group's standard operating procedures;
- technology risk;
- cyber risk;
- data risk; and
- reputation risk.

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9. Equity

A. Issued capital

All ordinary shares are fully paid. Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either by person or by proxy, at a meeting of the Group.

Ordinary shares carry one vote per share and carry the right to dividends.

a. Movements in ordinary shares:

	Number of shares (millions)	$M
Opening balance 1 January 2024	439.8	729.8
Ordinary shares issued to employees as part of share-based payment schemes	2.0	3.2
Repayment of Management Loan	–	0.2
Share buyback cancelled shares (average price $1.36 per share)	(1.8)	(2.5)
Balance 31 December 2024	440.0	730.7

	Number of shares (millions)	$M
Opening balance as at 1 January 2025	440.0	730.7
Ordinary shares issued to employees as part of share-based payment schemes	4.7	7.7
Share buyback cancelled shares (average price $1.65 per share)	(0.2)	(0.4)
Balance as at 31 December 2025	444.5	738.0

During the period, the Group:

- issued additional ordinary shares to employees in accordance with Pepper Money equity plans (the issuance occurred on several dates across the reporting period, with the vesting price ranging between $1.50 and $2.47); and
- acquired 238,562 shares for $393,330 (average price of $1.65 per share) under the Group's on-market share buyback scheme. These shares were cancelled prior to 31 December 2025.

B. Other reserves

	As at	
	31 December 2025 $M	31 December 2024 $M
Currency translation reserve	(2.9)	(1.0)
Cash flow hedge reserve	26.5	7.4
Business combinations reserve	(4.8)	(4.8)
Share-based payments reserve	23.5	23.0
Remeasurement reserve	0.1	–
Total other reserves	42.4	24.6

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Nature and purpose of other reserves

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the re-translation of the Group's net investment in foreign operations.

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in the cash flow hedge reserve will be reclassified to the statement of profit or loss only when the hedged transaction affects the profit or loss.

Business combinations reserve

The balance in the business combinations reserve represents the difference between the amount of non-controlling interest derecognised following the acquisition of the remaining 35% interest in Stratton and the fair value of the consideration paid.

Share-based payments reserve

The share-based payments reserve represents the value of equity-settled shared-based payment schemes. Refer to Note 11 for further information on each of the schemes.

Remeasurement reserve

The balance in the remeasurement reserve represents the remeasurement of the Philippines retirement benefit obligation.

10. Non-financial assets and liabilities

A. Leases

Group as lessee – property lease

The Group holds a lease for the Group's head office. The lease has a non-cancellable period of 7 years ending in June 2030 with no option for automatic renewal. As it is not reasonably certain that the option to renew will be exercised, the extension period has not been recognised.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

The Group had total cash outflow for all office leases of $6.4 million for the reporting period (2024: $7.2 million).

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The below tables detail the carrying amounts of the Group's Right of use assets and Lease liabilities in the Statement of financial position, as well as the movements during the years ended 31 December 2025 and 31 December 2024:

a. Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Right of use assets		
Carrying amount at start of period	**23.2**	28.7
Incentive adjustments	**(1.4)**	–
Depreciation expense	**(4.5)**	(5.6)
Derecognition of right of use assets	**–**	0.1
Total right of use assets	**17.3**	23.2

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Lease liabilities		
Carrying amount at start of period	**28.2**	32.6
Incentive adjustments	**(2.2)**	0.4
Interest expense	**1.8**	2.4
Payments	**(6.4)**	(7.2)
Total lease liabilities	**21.4**	28.2

Lease liabilities – Maturity analysis (Contractual undiscounted cash flows)

The below table summarises the Group's remaining expected maturity for its lease liabilities with agreed repayment periods and specifically relates to lease liabilities.

The table details the undiscounted cash flows of lease liabilities based on the earliest date on which the Group can be required to pay and hence will not necessarily reconcile with the amounts disclosed in the consolidated statement of financial position. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Not later than 1 year	**7.3**	7.6
Later than 1 year	**18.0**	26.9
Total commitments	**25.3**	34.5

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B. Goodwill and intangibles

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Goodwill and intangibles		
Goodwill	**98.2**	98.2
Other intangible assets	**10.8**	11.7
Software	**12.5**	18.4
Total	**121.5**	128.3

	As at	
	31 December 2025 $M	**31 December 2024 $M**
Goodwill		
Opening balance	**98.2**	98.2
	98.2	98.2
Other intangible assets with an indefinite useful life		
Opening balance	**9.3**	16.7
Impairment	**–**	(7.4)
	9.3	9.3
Other intangible assets		
Opening balance	**2.4**	3.3
Amortisation expense	**(0.9)**	(0.9)
	1.5	2.4
Software		
Opening balance	**18.4**	22.8
Additions	**4.4**	7.4
Amortisation expense	**(10.3)**	(11.8)
	12.5	18.4
Total goodwill and intangibles	**121.5**	128.3

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a. Goodwill

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

Goodwill of $98.2 million arising on the acquisition of Stratton has been allocated for impairment testing purposes to the Asset Finance CGU.

Impairment assessment

Indicators of impairment

The Group has performed goodwill impairment testing. Several indicators of impairment have been considered by Management, across all CGUs. These include both internal and external sources of information such as:

- significant changes (historical and future) in the market, economic, legal or technological environment which would have an adverse impact on the Group;
- interest rate changes which impact the discount rate used in modelling;
- market capitalisation;
- evidence of a worsening financial position;
- plans to discontinue operations; and
- macro-economic conditions.

Recoverable amount

The recoverable amount is the higher of a CGU's fair value, less costs to sell and value in use. In assessing the value in use, the impact of market and macro-economic conditions on future cash flows, and profit to be generated, have been considered. Management have incorporated latest forecasts and other assumptions from previous impairment testing to reflect market and macro-economic conditions at 31 December 2025.

Management uses the value in use method to determine the recoverable amount of the Mortgages and Asset Finance CGUs. The following key assumptions have been used in determining the recoverable amount:

	31 December 2025		31 December 2024	
	Mortgages CGU	**Asset Finance CGU**	**Mortgages CGU**	**Asset Finance CGU**
Post-tax discount rate	**12.9%**	**12.9%**	11.7%	11.7%
Long-term growth rate	**2.0%**	**2.0%**	2.5%	2.5%

A post-tax discount rate of 12.9% is applied to the cash flow projections. The discount rate represents the current market assessment of the risks specific to the respective CGUs, considering the time value of money and specific risks of the underlying assets that have not been incorporated into the cash flow projections. The discount rate is calculated using the cost of equity and reflects Management's estimation of specific risks assumed in the cash flow projections. The discount rate is identical as both CGUs operate primarily in the same country (Australia) and are mostly exposed to similar market conditions.

A long-term growth rate of 2.0% is applied to the last year's projected cash flow and into the terminal period. The terminal growth rate is based on the expected long-term performance for the industry and generally accepted future consumer price index ("CPI") rate.

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Sensitivity analysis

Sensitivity analysis has been performed on the cost of equity.

For the base case, the recoverable amount of the Mortgages and Asset Finance CGUs are in excess of the carrying amount and any reasonable changes in key assumptions will not lead to an impairment.

The post-tax discount rates which would result in zero headroom/impairment are 23% (Mortgages CGU) and 51% (Asset Finance CGU).

Mortgages CGU

Discount rate sensitivity (1% increment)			Base case		
Discount rate	10.9%	11.9%	**12.9%**	13.9%	14.9%
Headroom to CGU carrying value ($M)	1,508.5	1,306.0	**1,142.7**	1,007.7	895.0
Headroom %	505.9%	438.0%	**383.2%**	337.9%	300.2%

Asset Finance CGU

Discount rate sensitivity (1% increment)			Base case		
Discount rate	10.9%	11.9%	**12.9%**	13.9%	14.9%
Headroom to CGU carrying value ($M)	574.4	471.9	**388.7**	319.6	261.6
Headroom %	162.5%	133.5%	**110.0%**	90.4%	74.0%

Impairment charge

Based on the impairment testing performed, the recoverable amount of the Mortgages and Asset Finance CGUs are higher than the carrying amount and no impairment is recognised as at 31 December 2025.

b. Intangible assets with finite lives

Intangible assets are measured on the cost basis, less amortisation and impairment losses.

Intangible assets that have a finite life are amortised on a straight line basis over the expected useful life of the asset. Amortisation periods used for each class of asset are:

- product development costs: 3-5 years;
- computer software and licences: 3 years; and
- customer relationships: 5 years.

The customer relationships were acquired as part of the Stratton acquisition and recognised at fair value at the acquisition date.

At the reporting date, no impairment loss has been recognised on intangible assets with finite lives held by the Group.

c. Brand

The brand was acquired as part of the Stratton acquisition. The Stratton brand is classified as an indefinite life intangible asset given the length of time it has been in use and the likelihood that a market participant acquiror would have retained this key asset of the business.

The brand is not subject to amortisation and is tested annually for impairment, or more frequently, if events or changes in circumstances indicate that it might be impaired.

Impairment assessment

The brand has been valued as an individual asset for impairment test purpose. The Group performed its impairment testing in December 2025.

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Recoverable amount

The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use.

Management uses the relief from royalty (RfR) method to determine the recoverable amount of the Stratton brand. This is a commonly used and widely accepted method for valuing trade names. The following key assumptions have been used in determining the recoverable amount:

- **Revenue projections:** estimated revenue is based on a 5-year business plan. In developing revenue projections, current economic conditions, expected business performance and impact of macro-economic conditions are considered.
- **Royalty rate:** Management has considered several factors when determining an appropriate royalty rate, including the brand's position in the market, the brand's profitability and royalty rate benchmark in similar industries. On balance, Management determined a royalty rate of 4.0% (2024: 4.0%) to reflect Management expectations of revenue contribution to the business and plans to invest and develop the brand going into the foreseeable future.
- **Post-tax discount rate:** a post-tax discount rate of 14.0% (2024: 14.5%) is applied in valuing the brand. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects Management's estimation of specific risks assumed in the cash flow projections.
- **Long-term growth rate:** a long-term terminal growth rate of 2.5% (2024: 3.0%) is applied in the calculation, considering the brand has an indefinite useful economic life. The growth rate is based on the expected long-term performance for the industry and mid-point of the RBA's target inflation rate.

Sensitivity analysis

Management has performed sensitivity analysis of the reasonably possible changes in the key assumptions used in the model, including changing the royalty rate from a minimum of 2.5% to a maximum of 4.5%. Further, Management has sensitised the post-tax discount rate from 12.5% to 15.5% and this has not led to an impairment.

Impairment charge

Based on the impairment testing performed, nil impairment loss was recognised as at 31 December 2025 (2024: $7.4 million).

11. Share-based payments

During the current and prior year, the Group provided benefits to Executives and employees of the Group through share-based incentives. Relevant employees are paid for their services or incentivised for their performance in part through shares or rights over shares ("equity-settled transactions").

Each employee share right converts into one ordinary share of the Group on exercise. No amounts are paid or payable by the recipient on receipt of the right. The rights carry neither rights to dividends nor voting rights. Rights may be exercised at any time from the date of vesting to the date of their expiry.

As at 31 December 2025, the Group did not have any cash-settled share-based payment arrangements.

Accounting policy

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model, as detailed below.

The cost is recognised in employee benefits expense (Note 3(D)), together with a corresponding increase in equity (Other reserves), over the measurement period in which the vesting conditions are fulfilled. The share-based payments reserve is used to record the value of equity benefits provided to employees as part of their remuneration.

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Fair value estimation

The Group is required to measure the fair value of the rights granted and the estimation of the fair value of share-based payment awards requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology has been determined by the structure of the awards, particularly the vesting conditions. The applicable valuation methodology for each scheme is outlined below.

The number of rights granted to executives and employees is calculated in accordance with the performance-based formula approved by the Pepper Money Limited Board and Remuneration and Nomination Committee. The formula rewards employees to the extent of the Group's and individual's achievement judged against both qualitative and quantitative criteria.

The below table details the number and weighted average exercise prices ("WAEP") and movements in share rights during the year and prior comparative period. 2021 was the first year where share schemes were issued in Pepper Money Limited.

As at 31 December 2025, there were no share schemes which had an exercise price.

	2025 Number of units	**2025 WAEP ($)**	**2024 Number of units**	**2024 WAEP ($)**
Outstanding at 1 January	**18,171,301**	**–**	16,189,333	–
Granted	**8,574,173**	**–**	6,021,678	–
Forfeited	**(237,961)**	**–**	(290,181)	–
Exercised	**(4,780,281)**	**–**	(1,992,132)	–
Expired	**(3,820,528)**	**–**	(1,757,397)	–
Outstanding at 31 December	**17,906,704**	**–**	18,171,301	–
Exercisable at 31 December	**5,267,799**	**–**	5,783,783	–

The following plans were exercisable as at 31 December 2025:

- Employee service rights plan (2024);
- Executive deferred short term variable remuneration ("STVR") restricted rights plan (2023);
- Senior employees deferred STVR service rights plan (2024); and
- Executive performance rights plan (2023 – Tranche 1).

The above plans are in addition to what was disclosed in the Annual Report 2024.

Total expenses arising from equity-settled share-based payment transactions recognised during the year as part of employee benefits expense were $8.1 million (2024: $8.9 million).

There have been no cancellations or modifications to the awards in 2025 or 2024. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (refer to Note 3(F)).

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As at 31 December 2025, the Group had the following share-based payment schemes in place:

a. Executive Long Term Variable Remuneration ("LTVR") Rights Plan

Executive LTVR Rights Plans were awarded in both 2025 and 2024.

Under the 2025 Executive LTVR Rights Plan, rights were granted to eligible executives subject to both market and non-market based vesting conditions. There are three tranches to the plan and each tranche is summarised below.

The rights will only vest to the extent that the conditions are satisfied over the relevant performance periods, as follows:

- The participant achieving a performance rating of at least "met expectations" in the final year of the measurement period.
- The rating for Pepper Money Risk Scorecard must be at least "met expectations" in the final year of the measurement period.
- Total Shareholder Return ("TSR"), EPS performance and service hurdle over the performance period, as follows:

Tranche 1:

- The vesting of Tranche 1 is subject to a market condition in that the TSR of the Group is compared to the TSR of each peer group constituent for the purpose of determining the ranking of the Group.
- The rank is converted to a percentile ranking which is used to determine the proportion of awards that vest, as per a sliding scale.
- For the TSR metric, a minimum ranking must be achieved before any awards of this tranche vest.
- The higher the ranking, the more awards vest.

Tranche 2:

- The vesting of Tranche 2 is subject to a market condition, whereby the Group's EPS performance levels are compared against a range of pre-specified levels of EPS.
- For the EPS metric, a minimum ranking must be achieved before any awards of this tranche vest.
- The higher the ranking, the more awards vest.
- The EPS target is set annually over the three year performance period.

Tranche 3:

- The vesting of Tranche 3 is subject to a non-market service condition in which the participant must remain continuously employed with the Group up until 31 December 2027, and consistently receive a minimum performance rating of "meets expectations".

The Group may offer additional grants to eligible participants over time, in accordance with the rules of the Executive LTVR Rights Plan.

No amounts are paid or payable by the participant on receipt of the rights. If the rights remain unexercised after a period of 15 years from the date of grant, the rights expire. Subject to the performance testing outcome, the rights may convert into one ordinary share each on vesting at an exercise price of nil.

The Executives do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period. If an Executive ceases to be employed by the Group during the first year of the measurement period, the rights will be forfeited in the proportion that the remainder of the first year of the measurement period compares to a full year. Remaining rights will continue to be held for vesting at the end of the measurement period, except in limited circumstances that are approved by the Board on a case-by-case basis.

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Further details of the Plans are as follows:

2025 Plan

	Tranche 1	Tranche 2	Tranche 3
Conditions			
Grant date	26 May 2025	26 May 2025	26 May 2025
Share price at grant date	$1.67	$1.67	$1.67
Vesting period	1 January 2025 to 31 December 2027	1 January 2025 to 31 December 2027	1 January 2025 to 31 December 2027
Vesting date	March 2028	March 2028	March 2028
Assumptions			
Expected volatility – Pepper Money Limited	35%	N/A	N/A
Annualised dividend yield	8.2%	8.2%	8.2%
Risk-free interest rate	3.44%	3.44%	3.44%
Expected life	2.8 years	2.8 years	2.8 years
Other information			
Weighted average fair value at measurement date ("WAFV")	$1.09	$1.34	$1.34
Expense for the period	$856,389	$1,052,808	$263,200
Number of rights granted	2,361,350	2,361,350	590,332
Vested at the end of the period	None	None	None
Valuation methodology	Monte Carlo	Binomial	Binomial

There were no rights granted in prior years and there will be expense incurred in future years.

The volatility assumption is representative of the level of uncertainty expected in the movements of the Group's share price over the life of the award. The following factors have been determined in assessing the expected volatility of the Group's share price:

- the historic volatility of the market price of the Group's share price;
- the mean reversion tendency of volatilities; and
- up to 2 years historic volatility of comparable companies.

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2024 Plan

	Tranche 1	Tranche 2	Tranche 3
Conditions			
Grant date	10 July 2024	10 July 2024	10 July 2024
Share price at grant date	$1.46	$1.46	$1.46
Vesting period	1 January 2024 to 31 December 2026	1 January 2024 to 31 December 2026	1 January 2024 to 31 December 2026
Vesting date	March 2027	March 2027	March 2027
Assumptions			
Expected volatility – Pepper Money Limited	34%	34%	34%
Dividend yield	8.2%	8.2%	8.2%
Risk-free interest rate	4.06%	4.06%	4.06%
Expected life	2.6 years	2.6 years	2.6 years
Other information			
Weighted average fair value at measurement date ("WAFV")	$0.95	$1.18	$1.18
Expense for the period	$551,372	$684,862	$171,214
Number of rights granted	1,741,175	1,741,175	435,290
Vested at the end of the period	None	None	None
Valuation methodology	Monte Carlo	Binomial	Binomial

There were no rights granted in prior years and there will be expense incurred in 2026 only.

The volatility assumption is representative of the level of uncertainty expected in the movements of the Group's share price over the life of the award. The following factors have been determined in assessing the expected volatility of the Group's share price:

- the historic volatility of the market price of the Group's share price;
- the mean reversion tendency of volatilities;
- the tendency of newly listed entities to show decreasing volatility early in their life; and
- up to 4 years historic volatility of comparable companies.

The expected volatility of the index is determined based on up to 4 years historic volatility of the index.

2023 Plan

The measurement period for Tranches 1 and 2 of the 2023 plan has now passed:

- Tranche One: 2,502,476 rights are due to vest in February 2026; and
- Tranche Two: as the vesting conditions were not met, 2,502,476 rights lapsed as at 31 December 2025.

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b. Employee Service Rights

Eligible employees were invited to participate in separate Employee Service Rights schemes in both 2025 and 2024. The rights vest when applicable performance and service conditions have been fulfilled.

Service rights require eligible employees to be employed by the Group at the date of vesting and the employee must achieve a "meets expectation" rating in the final year of the measurement period.

No vesting will occur prior to the elapsing of the measurement period and additional rights cannot be applied for.

Rights are granted under the Employee Service Rights schemes for no consideration and carry no dividend or voting rights.

The below tables summarise both the 2025 and 2024 schemes:

2025 Plan

Conditions	
Grant date	**26 May 2025**
Share price at grant date	**$1.67**
Vesting period	**1 January 2025 to 31 December 2026**
Vesting date	**March 2027**
Other information	
WAFV	**$1.67**
Number of rights granted	**1,621,131**
Expense for the prior period	**Nil**
Expense in the current period	**$1,351,788**
Vested at the end of the period	**None**
Valuation methodology	**Rights valued based on grant date share price, subject to holding restrictions**

There will be expense incurred in CY2026 only.

2024 Plan

Conditions	
Grant date	**10 July 2024**
Share price at grant date	**$1.46**
Vesting period	**1 January 2024 to 31 December 2025**
Vesting date	**February 2026**
Other information	
WAFV	**$1.46**
Number of rights granted	**1,213,949**
Expense for the prior period	**$886,183**
Expense in the current period	**$886,183**
Vested at the end of the period	**1,009,028**
Valuation methodology	**Rights valued based on grant date share price, subject to holding restrictions**

No expense will be incurred in future years.

The measurement period for the 2024 scheme has now passed and 1,009,028 rights are due to vest in February 2026.

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c. Employee Share Save Scheme

A scheme under which shares were issued by the Group to Australian employees for no cash consideration was approved by the Board in October 2021.

All Australian permanent full time or part time employees (excluding Directors and the CFO) were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees could elect to salary sacrifice a minimum of $1,000 or maximum of $20,000 in exchange for fully paid ordinary shares in Pepper Money Limited. Employees may vary the amount of salary sacrifice in relation to earnings for future work at any time, but not more than twice per annum, unless approved by the Board.

Exercise restrictions apply for 90 days after the grant date and have a term of 14 years from their date of grant.

Nil expense was incurred in the period (2024: Nil) and 35,491 rights were exercised in the period (2024: 48,373).

d. Deferred STVR Restricted Rights – Executives

Under the scheme, 35% of the Executive's STVR is deferred in the form of restricted rights:

- A deferral of 35% of any short-term variable remuneration applies to both the 2024 STVR and 2023 STVR.
- Deferred awards are made in the form of "restricted rights".
- The number of rights to be granted will be calculated by reference to the award for each participant in respect of 2024 and 2025, the deferral rate of 35%, and divided by the 10 trading day VWAP following the release of the 2024 and 2025 annual results respectively.

The fair value of the scheme equates to 35% of the calculated STVR amount.

	2024 scheme	**2023 scheme**
Conditions		
Grant date	**26 May 2025**	10 July 2024
Adjusted VWAP over the 10 trading days following the release of the annual results	**$1.17**	$1.42
Exercise restrictions	**1 January 2025 to 31 December 2026**	1 January 2024 to 31 December 2025
Vesting date	**Upon grant**	Upon grant
Other information		
Number of rights granted	**1,062,370**	599,325
Expense for the prior period	**Nil**	$875,015
Expense for the current period	**$885,862**	Nil
Valuation methodology	**Shares valued based on 35% of STVR award**	Shares valued based on 35% of STVR award

The measurement period for the 2023 scheme has now passed and 599,325 rights become unrestricted in February 2026.

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e. Deferred STVR Service/Restricted Rights – Senior Employees

Under the scheme, 20% of eligible, Senior Employee's STVR is deferred in the form of either service rights (2024 scheme) or restricted rights (2023 scheme):

- A deferral of 20% of any short-term variable remuneration applies to both the 2024 STVR and 2023 STVR.
- Deferred awards are made in the form of either "service rights" or "restricted rights".
- The number of rights to be granted will be calculated by reference to the award for each participant in respect of 2023 and 2024, the deferral rate of 20%, and divided by the 10 trading day VWAP following the release of the 2023 and 2024 annual results respectively.

The fair value of the scheme equates to 20% of the calculated STVR amount.

	2024 scheme	2023 scheme
Conditions		
Grant date	**26 May 2025**	10 July 2024
Adjusted VWAP over the 10 trading days following the release of the annual results	**$1.17**	$1.42
Vesting period / exercise restrictions	**1 January 2025 to 31 December 2026**	1 January 2024 to 31 December 2025
Vesting date	**March 2027**	Upon grant
Other information		
Number of rights granted	**577,640**	290,764
Expense for the prior period	**Nil**	$424,515
Expense for the current period	**$481,668**	Nil
Valuation methodology	**Shares valued based on 20% of STVR award**	Shares valued based on 20% of STVR award

The measurement period for the 2023 scheme has now passed and 290,764 rights become unrestricted in February 2026.

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f. Equity Recognition Plan

A one-off Equity Recognition Plan was introduced in 2023 to recognise, motivate and retain key management personnel ("KMP") and other key executives to continue to deliver Pepper Money's strategy and operating performance.

Under the scheme, 30% of the award vested in March 2024 (as the achievement of the performance gate opener and service conditions were met as at 31 December 2023). The remaining 70% of the award is delivered in Tranche 2 (subject to performance and service vesting conditions).

	Tranche 1	Tranche 2
Conditions		
Grant date	7 June 2023	7 June 2023
Vesting period	1 January 2023 to 31 December 2023	1 January 2023 to 31 December 2024
Vesting date	18 March 2024	28 February 2025
Share price at grant date	$1.28	$1.28
Adjusted VWAP over the 10 trading days following the release of the 2022 annual results	$1.35	$1.25
Other information		
Number of rights granted	873,403	2,209,699
Expense for the prior period	$809,755	$1,889,428
Expense for the period	Nil	Nil
Vested at the end of the period	N/A	2,209,699
Valuation methodology	Rights valued based on grant date share price, subject to holding restrictions	Rights valued based on grant date share price, subject to holding restrictions

The measurement period for Tranche 1 and Tranche 2 has passed:

- Tranche 1: 873,403 rights vested in March 2024; and
- Tranche 2: 2,209,699 rights vested in February 2025.

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12. Related party transactions

A. Related party disclosures

a. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are set out below. A complete list of controlled entities can be found in the Consolidated Entity Disclosure Statement on page 185.

			Proportion of ownership interest and voting power held by the Group	
Name of subsidiary (controlled companies)	**Principal activity**	**Place of incorporation and operation**	**31 December 2025**	**31 December 2024**
Pepper Homeloans Pty Limited	Mortgage originator	Australia	**100%**	100%
Pepper Finance Corporation Limited	Australian mortgage lender of record and trustee	Australia	**100%**	100%
Pepper Asset Finance Pty Ltd	Australian asset finance originator and lender of record	Australia	**100%**	100%
Pepper New Zealand Limited	New Zealand mortgage originator and lender of record	New Zealand	**100%**	100%
PSO (Manila) Limited	Management services	United Kingdom/ Philippines	**100%**	100%
Stratton Finance Pty Ltd	Asset finance broking	Australia	**100%**	100%

The ultimate parent entity of Pepper Money Limited is Pepper Global Topco Limited ("Topco"), an entity incorporated in Jersey. Topco owns 100% of the shares in Pepper Global Midco Limited ("Midco") which in turn owns 100% of the shares in Pepper Group ANZ Holdco Limited ("Holdco"). Holdco owns 59.91% of the shares of Pepper Money Limited (and its controlled entities).

b. Transactions and balances with related party entities

The following table details the total amount of transactions that have been entered into with related parties during the years ended 31 December 2024 and 31 December 2025, as well as balances with related parties as at 31 December 2024 and 31 December 2025:

$'000	**Dividends paid**	**Other fee income**	**Other fee expense**	**Receivable**	**Payable**
Entity with control over the Group:					
Pepper Group ANZ Holdco Limited – 2025	**(69,241)**	**–**	**–**	**–**	**–**
Pepper Group ANZ Holdco Limited – 2024	(26,631)	–	–	–	–
Pepper Group Services Australia Pty Ltd – 2025	**–**	**141**	**(108)**	**–**	**(10)**
Pepper Group Services Australia Pty Ltd – 2024	–	168	(185)	149	–
Pepper Group Assets Australia Pty Ltd – 2025	**–**	**–**	**(439)**	**–**	**(122)**
Pepper Group Assets Australia Pty Ltd – 2024	–	–	(425)	–	(234)
Other related parties of Pepper Money Limited – 2025	**–**	**261**	**–**	**2,899**	**–**
Other related parties of Pepper Money Limited – 2024	–	42	–	51	–

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

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c. Loans to/from related parties

	As at	
	31 December 2025 $'000	**31 December 2024 $'000**
Loans to Key Management Personnel of the Group	**3,132.7**	3,132.7
Loans to Directors and their related parties	**3,717.5**	4,438.2
Total loans to related parties	**6,850.2**	7,570.9

KMP loans

In 2021, interest-free loans were provided to certain Management. The loans were made as part of an offer for those Management to reinvest proceeds from the sale of their shares in TopCo to purchase shares in the Group at the time of listing on the ASX. The loan amounts were calculated to equal amounts retained from the proceeds of the sale of the TopCo shares to: (a) repay existing loans to management; and (b) estimate tax liabilities for those management as a result of the sale of the TopCo shares.

The receivable is classified as treasury shares as the receivables are limited recourse to the Pepper Money Limited shares held by Management.

Director loans

As at 31 December 2025, loans to Directors and their related parties of $3.7 million (loan balance) have been provided in the normal course of the Group's Mortgage and Asset Finance lending businesses (31 December 2024: $4.4 million). All loans are at arm's length commercial terms.

Provision on all loans

The expected credit losses on these balances are immaterial.

d. Remuneration of Key Management Personnel

Detailed remuneration disclosures are provided in the Remuneration Report (refer to pages 69 to 91). The remuneration of Directors and Key Management Personnel ("KMP") is:

- determined by the Board Remuneration and Nomination Committee having regard to the performance of individuals and market trends; and
- set out below in aggregate for each of the categories specified in AASB 124 *Related Party Disclosures*.

	Year ended	
	31 December 2025 $'000	**31 December 2024 $'000**
Key management personnel remuneration		
Short-term employee benefits	**(2,845)**	(2,454)
Long-term benefits	**(1,566)**	(1,246)
Share-based payment benefits	**(349)**	(1,594)
Total key management personnel remuneration	**(4,760)**	(5,294)

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13. Parent entity financial information

A. Summary financial information

Pepper Money Limited is the parent entity of the Group, as at and throughout the year ended 31 December 2025.

The individual consolidated financial statements for the parent entity of the Group's operations show the following aggregate amounts:

Financial Position

	As at	
	31 December 2025 $M	31 December 2024 $M
Total assets	1,859.5	1,790.3
Total liabilities	220.8	250.5
Total net assets	1,638.7	1,539.8
Equity		
Issued capital	738.0	730.7
Other reserves	23.5	23.0
Retained earnings	877.2	786.1
Total equity	1,638.7	1,539.8

Financial Performance

	Year ended	
	31 December 2025 $M	31 December 2024 $M
Net profit after tax	213.8	166.4
Total comprehensive income	213.8	166.4

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B. Guarantees, contingent assets and contingent liabilities

As at 31 December 2025, there were no financial guarantees, contingent assets or contingent liabilities with respect to the parent entity (2024: Nil).

The parent entity has provided guarantees over funding facilities provided by several external parties to the Group. As at balance date, the balance drawn on the guaranteed facilities was $580.0 million (2024: $506.8 million).

The fair value of the guarantees, as assessed using market-based assumptions and expected credit loss methodology in accordance with AASB 9 *Financial Instruments*, is $521.6 million as at 31 December 2025 (2024: $489.6 million).

Financial guarantees are initially recognised at fair value, which is determined based on the present value of expected future payments. Subsequent measurement is at the higher of:

- the initial fair value less cumulative amortisation; or
- the expected credit loss allowance.

Financial guarantees are presented within Other financial assets on the Statement of financial position. Changes in the carrying amount are recognised in the Statement of profit or loss.

C. Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in 2025 or 2024.

D. Determining the parent entity financial information

The financial information for the parent entity Pepper Money Limited has been prepared on the same basis as the consolidated financial statements, except as set out below:

a. Investments in subsidiaries and associates

Investment in subsidiaries and associates are accounted for at cost (less accumulated impairment loss, if any) in the financial statements of the parent entity.

b. Tax consolidation legislation

Refer to Note 3(E)(d) for further information.

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14. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements. The Group considers all limited recourse entities in which it has interests to be structured entities.

A. Consolidated structured entities

Pepper Money Limited primarily utilises warehouse facilities and the securitisation markets to fund the origination of new loans.

Once loans are originated into funding vehicles, they are funded by third-party senior and mezzanine debt and equity, or other "first loss" capital, contributed by the Group as part of a warehouse facility arrangement. The majority of warehouse facility funding is represented by the senior debt facilities, which are typically provided by highly-rated, regulated financial institutions and are available to the Group on a revolving basis subject to eligibility criteria and other terms specific to each warehouse facility.

Periodically, assets assigned to warehouse facilities are refinanced through term securitisations involving the issuance of asset-backed securities which are long term and typically match funding transactions placed by the Group through the debt capital markets to a range of financial investors.

In both warehouse facility and term securitisation structures, the third-party providers of liquidity facilities and the senior notes have first ranking priority over cash flows generated by the loans held by the funding vehicle and their contractual interest and principal repayments rank at or near the top of payment waterfalls (after certain expenses). Mezzanine funding providers' priority ranks below that of the senior funding providers. The Group, as the provider of "first loss" capital and the residual unitholder, receives its distributions only when the senior and mezzanine funders have received their contractual payments. As the residual income unitholder, the Group benefits from any additional incremental profits generated in the funding vehicle.

The Group's limited-recourse financing structures partially transfers the risk of credit losses on portfolios to the capital providers to the funding vehicles. The Group's exposure to losses is therefore limited to its rights to current and future residual income from its funding vehicles, along with the value of the equity notes that the Group contributes as "first loss" capital to the funding vehicles and in certain circumstances, CRR notes.

Should a material increase in losses on the Group's portfolios occur, the level of income available for distribution from the funding vehicles will decline, resulting in a reduction in equity note coupons and residual income paid to the Group by the funding vehicles.

As losses increase beyond certain thresholds, the funding vehicles would cease distributing residual income and making distributions on the Group's equity notes, and cash will instead be applied to repay the senior and mezzanine funding components of the funding vehicles, however, the Group will have no legal obligation to contribute additional capital to offset the realised losses. In such a scenario, the Group is able to increase the interest rate that it charges to its portfolio customers (where the customer rate is variable) in order to offset the reduction in income due to credit losses.

The Group is deemed to control these funding structures for accounting purposes due to the combination of the Group's investment in each funding vehicle (exposure to variable interest) and the Group's role as servicer (power to influence those variable returns). As a result, the Group consolidates the assets and liabilities, income and expenses of most of these entities in accordance with AASB 10 *Consolidated Financial Statements*.

15. Commitments

A. Capital commitments

There were no capital commitments as at the end of the financial year or arising since balance date (2024: Nil).

B. Lease commitments: Group as lessee

The Group has provided guarantees in respect of the leases over its office premises of $4.1 million (2024: $4.1 million).

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16. Contingent liabilities

The Directors were not aware of any contingent liabilities as at the end of the financial year or arising since balance date.

17. Remuneration of auditors

The following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Year ended	
	31 December 2025 $	**31 December 2024 $**
Deloitte Touche Tohmatsu		
Audit and review of financial statements		
– Group	**1,433,500**	1,472,500
– Compliance audit	**40,000**	40,000
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**167,475**	222,910
– Other Consulting services	**546,051**	–
Audit and review of sustainability reports		
– Group	**95,000**	–
	2,282,026	1,735,410
Other auditors		
Audit and review of financial statements		
– Subsidiaries	**49,288**	52,514
Other services		
– Internal audit services	**262,600**	404,950
– Other consulting service	**351,760**	91,601
– Tax consulting services	**37,400**	156,954
– Tax compliance services	**64,645**	60,234
	765,693	766,253
Total remuneration	**3,047,719**	2,501,663

Non-audit services

The auditor of the Group is Deloitte Touche Tohmatsu ("Deloitte"). It is the Group's policy to employ Deloitte on assignments additional to their statutory audit duties, in compliance with the Group's independence policies, where Deloitte's expertise and experience with the Group are important.

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18. Events occurring after the reporting period

Final dividend declared

The Pepper Money Limited Board declared a fully-franked Final dividend of 7.8 cents per share on 19 February 2026. The Record Date is 13 March 2026 and the payment date will be 16 April 2026.

The dividend has not been provided for in this financial report.

Receipt of Indicative Non-binding offer to Acquire 100% of the shares in Pepper Money Limited

On 9 February 2026, Pepper Money released an announcement to the ASX that it had received a confidential, non-binding and conditional proposal to acquire 100% of the shares in Pepper Money under a scheme of arrangement ("Indicative Proposal") from Challenger Limited (ASX:CGF) ("Challenger") under which Challenger and Pepper Group ANZ HoldCo Limited ("Pepper Group") will jointly acquire Pepper Money. Under the Indicative Proposal, Pepper Group will initially acquire an interest in the acquiring entity that is at least equal to its current interest in Pepper Money.

The Proposal offers Pepper Money shareholders (other than Pepper Group) cash consideration equal to $2.60 per share, less the CY2025 fully-franked Final dividend of 7.8cps and any special dividend paid or declared. The Pepper Money Board established an Independent Board Committee ("IBC") to assess this Indicative Proposal. After due consideration and acting in the interest of all Pepper Money shareholders, the IBC granted Challenger exclusivity to undertake confirmatory due diligence and progress relevant transaction documentation in order to present a more certain proposal.

Discussions are ongoing, however there is no certainty that a more certain proposal will be forthcoming or that the Indicative Proposal will result in a definitive agreement.

There has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

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Consolidated Entity Disclosure Statement

as at 31 December 2025

Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Money Limited	Body corporate	Australia	N/A	Australia[(ii)]
Pepper Homeloans Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Finance Corporation Limited (i)	Body corporate	Australia	100%	Australia[(ii)]
Pepper Asset Finance Pty Ltd (i)	Body corporate	Australia	100%	Australia[(ii)]
Habanero Asset Finance Pty Limited (i)	Body corporate	Australia	100%	Australia[(ii)]
Pepper Europe Holdings Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
Pepper Chipotle Investments Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Chipotle Investments No. 2 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Chipotle Investments No. 3 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Chipotle Investments No. 4 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Chipotle Investments No. 5 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 2 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 3 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 4 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 5 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 6 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
Pepper Jalapeno Investments No. 7 Pty Limited	Body corporate	Australia	100%	Australia[(ii)]
PEPL Holdings Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
Well Nigh Capital No. 1 Pty Ltd[(i)]	Body corporate	Australia	100%	Australia[(ii)]
Stratton Finance Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
Stratton Franchise Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
Stratton Connect Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
Stratton Marine and Outdoor Finance Pty Ltd	Body corporate	Australia	100%	Australia[(ii)]
PSO (Manila) Limited	Body corporate	United Kingdom	100%	Australia[(ii)]
Pepper New Zealand Limited (i)	Body corporate	New Zealand	100%	New Zealand
Pepper New Zealand (Settlor) Limited	Body corporate	New Zealand	100%	New Zealand
Pepper New Zealand (Beneficiary) Limited	Body corporate	New Zealand	100%	New Zealand
Pepper Mortgage Warehouse Trust 2009-2	Trust	Australia	–	Australia[(ii)]
Pepper Mortgage Warehouse Trust 2010-1	Trust	Australia	–	Australia[(ii)]
Pepper Mortgage Warehouse Trust 2014-2	Trust	Australia	–	Australia[(ii)]
Pepper Universal Funding Trust 2025-1	Trust	Australia	–	Australia[(ii)]
Pepper NAB Prime Mortgage Warehouse Trust	Trust	Australia	–	Australia[(ii)]
Pepper Prime Mortgage Origination Warehouse Trust No. 2	Trust	Australia	–	Australia[(ii)]
Pepper Prime Mortgage Origination Trust 2013-3	Trust	Australia	–	Australia[(ii)]
Pepper Prime Mortgage Origination Trust 2021-1	Trust	Australia	–	Australia[(ii)]
Pepper Prime Mortgage Origination Warehouse Trust 2021-3	Trust	Australia	–	Australia[(ii)]

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Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Prime Mortgage Origination Warehouse Trust 2022-1	Trust	Australia	–	Australia[(ii)]
Pepper NC Mortgage Warehouse Trust 2021-1	Trust	Australia	–	Australia[(ii)]
Pepper NC Mortgage Trust 2022-2	Trust	Australia	–	Australia[(ii)]
Pepper NC Mortgage Revolver Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Mortgage Innovation Trust No.1	Trust	Australia	–	Australia[(ii)]
Pepper Settlement Trust	Trust	Australia	–	Australia[(ii)]
Pepper Settlement Trust 2018-1	Trust	Australia	–	Australia[(ii)]
Pepper Commercial Real Estate Warehouse Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Commercial Real Estate Warehouse Trust No. 2	Trust	Australia	–	Australia[(ii)]
Pepper Commercial and Residential Securities Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Construction Warehouse Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 27	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 28	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 29	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 30	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 31	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 32	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 33	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 34	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 35	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 36 Private Placement	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 37	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 38	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 39	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 40	Trust	Australia	–	Australia[(ii)]
Pepper Residential Securities Trust No. 41	Trust	Australia	–	Australia[(ii)]
Pepper Prime 2022-1 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Prime 2022-2 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Prime 2023-1 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Prime 2025-1 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Social Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Warehouse Trust 2014-1	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Warehouse Trust 2015-1	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Syndicated Facility No. 1 Trust	Trust	Australia	–	Australia[(ii)]
PAF Settlement Trust 2018-2	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Novated Lease Warehouse Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Private Placement No. 2 Trust	Trust	Australia	–	Australia[(ii)]

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Entity name	Entity type	Place formed or incorporated	% of share capital held	Tax Residency
Pepper Asset Finance Revolver No. 1 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Revolver No. 2 Trust	Trust	Australia	–	Australia[(ii)]
Pepper Asset Finance Revolver No. 3 Trust	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 1	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 2	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 3	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 4	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 5	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 6	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 7	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 8	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 9	Trust	Australia	–	Australia[(ii)]
Pepper SPARKZ Trust No. 10	Trust	Australia	–	Australia[(ii)]
Pepper Personal Loans Warehouse Trust 2016-1	Trust	Australia	–	Australia[(ii)]
The Collection Service Trust No. 1	Trust	Australia	–	Australia[(ii)]
Well Nigh Bare Trust No. 1	Trust	Australia	–	Australia[(ii)]
Well Nigh Bare Trust No. 2	Trust	Australia	–	Australia[(ii)]
Pepper Large Ticket Commercial Lending Collections Trust	Trust	Australia	–	Australia
Pepper Asset Finance Collection and Funding Trust	Trust	Australia	–	Australia
Pepper Collections Trust	Trust	Australia	–	Australia
Pepper 2016 Collections and Funding Trust	Trust	Australia	–	Australia
Pepper Origination Trust	Trust	Australia	–	Australia
Pepper Asset Finance Asset Trust 2014-1	Trust	Australia	–	Australia
Pepper Auto and Equipment Asset Trust 2012-1	Trust	Australia	–	Australia
Pepper Mortgage Origination NZ Warehouse Trust No. 1	Trust	New Zealand	–	New Zealand[(iii)]
Pepper Mortgage Nevada Trust 2023	Trust	New Zealand	–	New Zealand[(iii)]
Pepper NZ Collections Trust	Trust	New Zealand	–	New Zealand
Pepper NZ Collections Trust No. 2	Trust	New Zealand	–	New Zealand

Notes

(i) Trustee of a trust in the consolidated entity.

(ii) Part of a tax consolidated group under Australian taxation law, for which Pepper Money Limited is the head entity.

(iii) Elected to be consolidated for New Zealand taxation law purposes with Pepper New Zealand Limited.

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Directors' Declaration

The Directors of Pepper Money Limited declare that, in the Directors' opinion:

a. there are reasonable grounds to believe that Pepper Money Limited will be able to pay its debts as and when they become due and payable;

b. the attached consolidated entity disclosure statement is true and correct;

c. the Directors have been given the declarations required by s295A of the *Corporations Act 2001*;

d. the consolidated financial statements of Pepper Money Limited (as defined in Note 1) including the Notes set out on pages 125 to 184:

   i. are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

   ii. comply with IFRS Accounting Standards and other mandatory professional reporting requirements.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Akiko Jackson
Chair

19 February 2026

Mario Rehayem
CEO and Director

19 February 2026

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Independent Auditor's Report

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Deloitte.

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Independent Auditor's Report to the Members of Pepper Money Limited

Report on the Audit of the Financial Report

Opinion

We have audited the Financial Report of Pepper Money Limited (the "Company") and its subsidiaries (the "Group") which comprises the Consolidated Statement of Financial Position as at 31 December 2025, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the Directors' Declaration.

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2025 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the Financial Report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report for the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Expected credit loss on loans and advances
 	
As at 31 December 2025, the Group has recognised $138.6m of expected credit loss (ECL) on loans and advances held at amortised cost in accordance with *AASB 9 Financial Instruments (AASB 9)* as disclosed in Note 4(B).
 	
Loans and advances subject to AASB 9's impairment requirements include both the residential Mortgage Lending and Asset Finance portfolios.
 	
Significant Management judgement was necessary in determining expected credit losses, including:
 	
• The application of the requirements of AASB 9 as reflected in the Group's ECL models.
• Assumptions used in the ECL models including Probability of Default (PD), Loss Given Default (LGD) and forward-looking macroeconomic factors, as disclosed in Note 1(E)(a) and Note 8(B)(c);
• The identification of indicators of a Significant Increase in Credit Risk (SICR) and assumptions used to determine the loss estimates in the ECL models; and
• Judgements used in the estimation of post-model adjustments to the ECL models.
	Our procedures performed, in conjunction with our credit specialists, included, but were not limited to:
	
	• Obtaining an understanding of credit risk judgements made by Management in the ECL models;
	• Testing the design and implementation of relevant key controls, throughout the period, in relation to loan originations, collections and arrears reporting as well as controls over the development and review of AASB 9 ECL models;
	• Assessing the reasonableness of key judgements and assumptions applied by Management, including:
	  ○ timing and recognition of loss event and significant increase in credit risk;
	  ○ timing of expected cash flows; and
	  ○ assumptions used in modelling, including PDs, LGDs and forward-looking assumptions and scenarios;
	• Testing the accuracy of modelled PDs and LGDs against historical losses;
	• Testing the mathematical accuracy of the ECL models through re-performance on a sample of loans;
	• Assessing the sensitivity of impaired loans to valuation of underlying security;
	• Identifying key inputs used in the calculation of collective provisions, and testing a sample of the source data for completeness and accuracy; and
	• Challenging management's judgements in respect post-model adjustments recognised considering current macroeconomic environment.
	
	We also assessed the appropriateness of the disclosures in Notes 1(E)(a), 4(B) and 8(B)(c) to the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 31 December 2025 but does not include the Financial Report and our Auditor's Report thereon.

Our opinion on the Financial Report does not cover the other information and we do not express any form of assurance conclusion thereon. The other information includes the Sustainability Report upon which we have performed a review of specified Sustainability Disclosures and issued a separate auditor's report.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible:

- For the preparation of the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the Directors determine is necessary to enable the preparation of the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group Financial Report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 69 to 91 of the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Pepper Money Limited, for the year ended 31 December 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Heather Baister
Partner
Chartered Accountants

Sydney, 19 February 2026

Shareholder Information

Additional information required by the ASX and not disclosed elsewhere in the report is set out below. The information is current at 30 January 2026.

Opting in for electronic communication

44.92% of our shareholders have opted in to receive electronic communications. Consistent with our commitment to reduce paper consumption and in turn our environmental footprint, we encourage more shareholders to opt-in for electronic communications.

Number of holders of equity securities

Ordinary share capital: 444,514,925 fully paid ordinary shares are held by 4,130 shareholders.

Voting rights

All issues ordinary shares carry one vote, and each member is entitled to one vote for every ordinary share held via poll or show of hands as permitted under the Company's constitution.

Distribution of members of their holdings

The number of equity securities by size of holding is set out below:

Holdings Ranges	Holders	Total Units	%
1 – 1,000	1,753	836,906	0.190
1,001 – 5,000	1,212	3,414,169	0.770
5,001 – 10,000	473	3,752,257	0.840
10,001 – 100,000	629	18,925,411	4.260
100,001 – 999,999	63	417,586,182	93.940
Totals	**4,130**	**444,514,925**	**100.000**

Unmarketable Parcel

As at 30 January 2026 there were 304 holdings of less than a marketable parcel (less than $500 in value or 253 number of shares based on the market price of $1.97 per share).

Substantial shareholders

The names of the substantial shareholders of the Company and the number of equity securities in which they have a relevant interest as disclosed in substantial shareholding notices given to the Company are set out below:

Shareholder	Number of shares	%
Pepper Group ANZ Holdco Ltd	266,309,851	60.59%
AustralianSuper Pty Ltd	50,289,929	11.43%
National Nominees Ltd ACF Australian Ethical Investment Limited	22,236,910	5.05%

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Pepper Money twenty largest shareholders

The 20 largest shareholders of ordinary shares on the Company's register at 30 January 2026 were:

Shareholder	Number of shares	%
PEPPER GROUP ANZ HOLDCO LTD	266,309,851	59.91%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	63,311,973	14.243%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,844,529	8.289%
CITICORP NOMINEES PTY LIMITED	17,025,631	3.830%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,065,556	1.140%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	4,400,852	0.990%
DENISE AOUN	2,387,234	0.537%
CERTANE CT PTY LTD <PEPPER MNY EIP ALLOC A/C>	2,027,682	0.456%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,932,040	0.435%
BNP PARIBAS NOMS PTY LTD	1,863,144	0.419%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,336,981	0.301%
MR DAVID MOORE <D & S MOORE FAMILY A/C>	1,150,000	0.259%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	985,654	0.222%
MARIO REHAYEM	958,612	0.216%
RHODIUM CAPITAL PTY LIMITED <RHODIUM INVESTMENT A/C>	900,000	0.202%
THERESE MCGRATH	736,222	0.166%
JOHN WILLIAMS	637,858	0.143%
SUE KENT	618,964	0.139%
SALLY JANE THOMPSON	595,501	0.134%
MR MARIO REHAYEM	581,279	0.131%
Total of Securities of Top 20	409,669,563	92.161%
Total of Securities	**444,514,925**	

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Managing your shareholding

The Company's share register is managed by Boardroom Pty Limited ("Boardroom").

The Investor Centre website **www.peppermoney.com.au/about/shareholders** is the fastest, easiest, and most convenient way to view and manage your shareholding.

The Investor Centre enables a shareholder to:

- view the Company share price;
- change your address (for non-CHESS sponsored holdings);
- update your dividend instruction;
- update your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- select your email and communication preference; and
- view your transaction history.

When communicating with Boardroom or accessing your holding online you will need your Securityholder reference number (SRIN), or Holder Identification Number (HIN) as shown on your Issuer Sponsored / CHESS statements.

You can also access Boardroom by:

Website:	**www.boardroomlimited.com.au**
Address:	Level 8 210 George Street, Sydney NSW 2000
Post:	GPO Box 3993 Sydney NSW 2001
Contact:	1300 737 760 (in Australia) +61 (0) 2 9290 9600 (International)

Information on Pepper Money Limited

Pepper Money website

Up-to-date information on the Company can be obtained from the Company's website www.peppermoney.com.au

Securities exchange listing

The Company's shares are listed on the Australian Securities Exchange (ASX) and the Home Exchange is Sydney. Ordinary shares are traded under the code, ASX: PPM

Share prices can be accessed from Pepper Money's Shareholder Centre at the Company's website, major Australian newspapers, or at: www.asx.com.au

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Glossary of Terms

Term	Meaning
1H	first half of the financial year, being six months ending 30 June
2H	second half of the financial year, being six months ending 31 December
AAS or **Australian Accounting Standards**	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
AASB	Australian Accounting Standards Board
ABN	Australian business number
ABS	asset-backed securities
ADI	authorised deposit-taking institution
Asset Finance	a segment of Pepper Money product, as defined in Section 3 of the Operating and Financial Review
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange that it operates, as the context requires
ASX Listing Rules	the listing rules of ASX
ASX Recommendations	the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition, 2019)
AUM – Lending closing	assets under management originated and serviced (securitised and Pepper Money balance sheet lending)
AUM – Servicing closing	assets under management portfolios of third parties which are serviced by Pepper Money
Board or **Board of Directors**	the Board of Directors of the Company
CAGR	compound annual growth rate
calendar year or **CY**	year to 31 December
capital expenditure	includes investment in property and equipment and intangible software and licenced assets
Company	Pepper Money Limited. (ACN 094 317 665) (Formerly Pepper Group Pty Ltd)
CGS	Corporate Governance Statement as per Section 7 of the Operating and Financial Review
Corporations Act	*Corporations Act 2001* (Cth)
CPR	conditional prepayment rate. The proportion of the principal of a pool of loans that is expected to be paid off prematurely in each payment period
CRE	commercial real estate
CTI	cost to income ratio is defined as Pro-forma Total Expenses (including depreciation, amortisation and corporate interest) divided by Total Operating Income before Loan Losses
Director	a member of the Board of Pepper Money Limited
Distribution Partners	Pepper Money's network of distributors

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Term	Meaning
EBITDA	earnings before corporate interest expense, including the interest charge associated with AASB 16, income tax expense, depreciation (including the right of use asset recognised under AASB 16 relating to premise leases) and amortisation
Effective Interest Rate	an annual interest rate that takes into account the effect of compound interest and fees
Eligible Employees	in respect of the Employee Gift Offer, all Australian and New Zealand employees excluding Non-Executive Directors, as selected by the Board in its sole discretion
Equity Loans, Equity Notes, Junior Loans, Junior Notes or **Junior Securities**	investment interests in Term Securitisations or Warehouse Facilities that have a lower priority than other funders in the event of default
Expected Credit Losses	as defined in the Financial Statements
FTE	full time equivalent
Funding Vehicle	a special purpose vehicle, typically a trust, established to fund and hold financial assets as part of a Warehouse Facility or Term Securitisation
FVTPL	fair value through profit or loss, as defined in the Financial Statements
GST	goods and services tax imposed in Australia
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Independent Non-Executive Director	each of Mike Cutter, Akiko Jackson, Justine Turnbull, and Rob Verlander
Junior Securities	securities which are in substance the most junior class of debt securities issued in a Warehouse Facility or Term Securitisation such that any losses in respect of the assets funded by the Warehouse Facility or Term Securitisation are applied to this class of securities first, also referred to as "first loss" capital
Listing	admission of the Company to the official list of ASX
Loan and Other Servicing	A segment that includes the revenues and direct expenses associated with the servicing of loan portfolios for third parties conducted by the Group in Australia.
LPF	loan protection fee
LTVR	long term variable remuneration
LVR	loan to value ratio
Management	current management employees of the Company
Mortgages	a segment of Pepper Money product, as defined in Section 3 of the Operating and Financial Review
MPF	mortgage protection fee
Non-Conforming	home loans not adhering to the traditional standard lending criteria of ADIs
NCI	Non-controlling interest

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Term	Meaning
Non-Executive Director	a member of the Board of Directors who does not form part of Management
Non-IFRS financial measures	measures used to manage and report on the business that are neither recognised under AAS or IFRS but that are included as in the Directors opinion they are considered useful for the users of this Annual Report
NIM	net interest margin: interest charged on loans provided to borrowers (Mortgages and Asset Finance), income from mortgage risk fee (MRF) / loan protection fee (LPF), loan premium revenue and the funding costs and facility establishment costs associated with the debt raised to fund these assets. The net interest income is calculated using the effective interest rate (EIR) which includes certain fees and costs incurred which are integral in bringing the loans or associated debt to account (such as upfront Distribution Partner commissions)
NIM %	net interest income divided by average lending AUM expressed on an annualised basis
NPAT	net profit after tax
Originations	new loans originated during the period
PAYG	pay as you go
Performance Rights	the entitlements granted to individuals to receive equity that vest based on the achievement of pre-determined performance conditions
PCP	refers to prior comparative period being December 2024
Pepper Direct	Pepper Money's direct distribution platform including www.peppermoney.com.au **and supported by a dedicated in-house call centre**
Pepper Money or **the Company**	Pepper Money Limited (ACN 094 317 665)
Prime	home loans adhering to the traditional standard lending criteria of an ADI
Private Term Securitisations	funding transactions that are similar to Public Term Securitisations but which result in Pepper Money raising funds from a single investor or a small number of investors
PRS	Pepper Residential Securities
Public Term Securitisations	a pool of loan assets initially funded through one or more Warehouse Facilities are grouped together and sold to a new Funding Vehicle, which then issues securities against those assets to investors in public wholesale capital markets
RMBS	residential mortgage-backed securities
ROE	return on shareholder equity
Service Rights	the entitlement granted to individuals to receive equity that vest based on service conditions
Servicing AUM	as defined in Section 2 of the Operating and Financial Review
Share Registry	Boardroom Pty Limited (ABN 14 003 209 836)
Shareholder Representative Director	each of Des O'Shea and, effective 23 May 2024, Vaibhav Piplapure, following resignation of Michael Culhane as Chair and Shareholder Representative Director, 23 May 2024
STVR	short term variable remuneration

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Term	Meaning
Term Securitisation	an arrangement under which a pool of financial assets is sold to a Funding Vehicle which funds those financial assets in the capital markets through an issue of limited-recourse debt securities generally having a legal final maturity similar to the expected term of the financial assets in the pool, and includes Private Term Securitisations and Public Term Securitisations
TFN	tax file number
VWAP	volume weighted average price
WANOS	weighted average number of shares for the period 1 January to 31 December
Warehouse Facility	an arrangement under which financial assets are originated in the name of, or sold to, a Funding Vehicle which funds those financial assets through drawing on committed funds provided by funding banks and/or other investors during a relatively short-term availability period. Funding is through a limited-recourse facility for a term which does not necessarily match the term of those financial assets. Warehouse Facilities are often established with a view to selling the assets to another Funding Vehicle pursuant to a Term Securitisation or as part of a Whole Loan Sale
White-label	Pepper provides an unbranded product or service for the originator to sell and distribute the product or service under its own brand to sell to their customers
Whole Loan Sale	an arrangement under which pools of financial assets are sold to an unrelated third-party purchaser which purchases those financial assets using its own resources and/or a funding structure for which they are the sponsor. Pepper may continue to act as servicer of the financial assets if agreed with the purchaser and may make an investment in the pool in connection with that appointment

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The History of Pepper Money

Funding

$45bn[1]

Across 68 transactions from 2003 to December 2025

Customers

614,408

Customers helped to December 2025[2]

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2000 – Founded as a specialist mortgage lender in Australia.

2003 – Established the Non-conforming Mortgage Securitisation Program.

2011 – Purchased GE Capital's home lending business in Australia & New Zealand ($5bn).

2012 – Established the Near Prime home loan product. Acquired ADI-originated auto loan book ($150m).

2014 – Established the Prime home loan product. Acquired portfolio of residential mortgages ($230m). Asset Finance business launched.

2016 – Commenced active Whole Loan Sales funding program for Australian Mortgages.

2018 – Commenced CRE in Australia. Inaugural Green Bond Issuance. Originated loans in excess of $5.0bn in Mortgages and $1bn in Asset Finance.

Notes: 1. Subject to rounding. 2. Cumulative number of customers from 2004 to 31 December 2025 3. Cumulative Originations from 2000 to 31 December 2025 for Mortgages and Asset Finance. 4. Total closing AUM (Lending and Servicing) at 31 December 2025. 5. TCV = Treasury Corporation of Victoria. 6. CY2025 Special dividend $55.5m – record date 11 June 2025. Paid 10 July 2025. CY2025 Interim dividend $28.2m – record date 12 September 2025. Paid 10 October 2025. Final dividend – $34.7m – record date 13 March 2026. Payment date 14 April 2026. 7. Announced on 3 November 2025, that a consortium with members including Pepper Money and KKR (the "Consortium") has agreed to acquire the RAMS home loan portfolio (the "Portfolio") from Westpac Banking Corporation. Pepper Money has been appointed as servicer of the Portfolio and will also hold a small, non-material, investment in the securitisation financing vehicle, which will acquire the beneficial interest in the loan Portfolio, alongside other members of the Consortium. Subject to satisfaction of the conditions precedent, completion of the transaction is targeted for the third quarter of 2026.



Originations

$75bn[3]

In loans originated from 2000 to December 2025

Total AUM[4]

$22bn

Assets Under Management as at December 2025

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2019

Established SPARKZ – ABS program. Entered New Zealand Mortgages.

2020

Implemented planned stress scenario covering origination, credit, and measures to address COVID-19. Raised $4.8bn in term securitisations in COVID-19 environment.

2021

IPO of the Australia and New Zealand business. Raised $4.8bn in term securitisations in COVID-19 environment.

2022

Raised in excess of $5.0bn in term securitisations. Acquired 65% of Stratton. Record originations $9.6bn.

2023

Raised $5.4bn over 2023 in term securitisations. Launched SMSF mortgage product in Australia. Acquired HSBC NZ$1.1bn mortgage portfolio in New Zealand. Completed first Asset Finance Whole Loan Sale.

2024

Raised in excess of $5.2bn in term securitisations: $2.7bn Public and $2.5bn via Whole Loan Sales. TCV[5] service contract awarded. Share Buy Back implemented.

2025

Celebrated 25 years in business.

Record Originations: $10.3bn

Record AUM $21.8bn

Record funding:$7.0bn: including inaugural CRE public securitisation and highest reported Whole Loan Sales: $3.5bn.

Record dividends declared: 26.7 cps, $118.6m, in respect to CY2025[6] performance

Announced acquisition[7] of A$21bn+ Westpac RAMS mortgage portfolio – Pepper Money as Servicer

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