

## ASX Announcement

25 November 2021

### Pepper Money increased CY2021 Pro-forma NPAT guidance to \$135-\$138m

Pepper Money Limited (ASX: PPM) today announced an increase to their estimate of CY2021 Pro-forma net profit (Pro Forma NPAT) to \$135-\$138m<sup>1</sup> from the IPO Prospectus forecast of Pro-forma NPAT of \$120.7m.

Commenting on the increase to the full year Pro-forma NPAT estimate, Pepper Money's CEO, Mr Mario Rehayem, said:

"The increase to our Pro-forma NPAT for CY2021 reflects continued strong originations growth, which we reported on at the first half, into the balance of CY2021.

"Our originations continue to hit milestones, and, in the 10 months to October we have delivered \$5.1bn in Originations on Mortgages and \$1.6bn in our Asset Finance business. Combined, originations to October 2021 at \$6.7bn exceed our full year IPO forecast.

"Like the banks and our peers we have seen an intensely competitive environment in Mortgages with elevated levels of prepayment across the industry. Pepper has responded to this challenge by using a combination of increased marketing to drive customer growth, expanding our distribution network with new introducer relationships, and selective use of competitive pricing offers to accelerate originations.

"Our Asset Finance business has gone from strength to strength and continues to deliver month on month originations growth. For the calendar year to October 2021, Asset Finance originations are at \$1.6bn and have exceeded the full year forecast we stated in the IPO Prospectus. The investment we have made, since starting Asset Finance in 2014, is playing out not just driving in the scale and growth being achieved, but in how the business continues to attract new partners and how it is delivering record customer and product NPS.

"The prudent approach we took to how we forecast BBSW in the IPO Prospectus means we will exit 2021 with the Net Interest Margin (NIM) for Mortgages in line with the IPO Prospectus. This is also the case for Asset Finance NIM.

"You will recall at the half year I said "subject to no significant deterioration in economic conditions given the ongoing uncertainty relating to the COVID-19 pandemic, Pepper expects to exceed its IPO Prospectus forecast for CY2021 Pro-forma NPAT of \$120.7 million.

"Despite the lockdowns, the momentum in our businesses, the phasing out of COVID restrictions from mid-October, and the strength of our originations growth to October, Pepper Money now expects to exceed its IPO Prospectus Pro-forma NPAT for 2021, and we expect to close CY2021 with Pro-forma NPAT between \$135-138m vs IPO \$121m."

**ENDS**

This announcement was authorised for release by the Board.

## **About Pepper Money**

Pepper Money is one of Australia and New Zealand's leading non-bank lenders. It was established in 2000 as a specialist residential home loan lender in Australia with a focus on providing innovative home loan solutions to customers that were being underserved by traditional lenders. Pepper Money today has a broad product offering of residential home loans, asset finance commercial real estate and novated leases in Australia and residential home loans in New Zealand. For more information visit <https://www.pepper.com.au>

### **Investor relations**

Catherine Buckmaster

P: +61 2 7227 3879

[CBuckmaster@pepper.com.au](mailto:CBuckmaster@pepper.com.au)

### **Media contacts**

Helen Karlis/Celia Moore

Domestique Consulting

M: 0419 593 348/ 0432 344 069

[helen@domestiqueconsulting.com.au](mailto:helen@domestiqueconsulting.com.au)

[celia@domestiqueconsulting.com.au](mailto:celia@domestiqueconsulting.com.au)