

Leading non-bank lender **Pepper Money** completes the acquisition of 65% of Stratton Finance - one of Australia's largest online asset finance brokers

Pepper Money Limited (ASX:PPM) (**Pepper Money**) announces it has today completed the acquisition of a 65% interest in Stratton Finance Pty Limited (**Stratton**), one of Australia's largest online asset finance brokers.

Pepper Money announced its entry into a binding agreement to acquire the 65% interest in Stratton on 4 April 2022. Under the terms of the deal Pepper Money paid cash of **\$77.8 million**¹ for the 65% interest, funded in part from a drawdown on Pepper Money's Corporate Debt Facility and in part from existing cash balances.

The transaction values Stratton at **\$120 million** on a debt free / cash free basis. The parties have also entered into a **Put and Call Option** in relation to the remaining 35% stake in Stratton, exercisable from Q1 CY2024 through Q1 CY2026, with a base price of \$42 million indexed based on Stratton's performance from completion of the acquisition of the 65% interest and the acquisition of the remaining 35%.

Pepper Money will immediately commence leveraging **Stratton's customer and distribution** capabilities to introduce new products and solutions across asset finance, mortgages, personal loans, and commercial real estate loans.

Stratton's founder - **Rob Chaloner** - will continue to provide oversight of the business as Chair of Stratton.

Pepper Money's CEO, **Mario Rehayem** said: "The completion of the acquisition of the majority stake in Stratton is another key milestone achievement for Pepper Money".

"It provides our Asset Finance business with a new and **immediate avenue for sustained incremental origination** volume and broadens our **distribution footprint** across mortgages and commercial real estate by leveraging the operating efficiency of Pepper Money's established infrastructure and shared service operations".

"I continue to be excited by the opportunities that Stratton's broad customer data and insights present to enhance Pepper Money's **product development pipeline**. The businesses shared values and focus on partners and customers makes us better together".

CY2022 Half Year Results

Pepper Money will release its **half year CY2022** results on **24 August 2022**. Pepper Money is focused on leveraging the synergies between Stratton and will provide further detail on its strategy for Stratton with the half year CY2022 results.

ENDS

This announcement was authorised for release by the Board.

¹ The completion payment for the 65% interest in Stratton by Pepper Money reflects the customary adjustments for cash and working capital to the headline purchase price of \$78 million previously announced.

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 www.pepper.com.au

About Stratton Finance

Stratton Finance is one of Australia's leading online direct-to-consumer asset finance broking platforms, with more than 23 years of operating experience, plus strong brand recognition built on trust and transparency. Stratton is supported by a national network of offices and franchises and offers business and personal finance for a range of asset types including cars, boats and caravans, truck and heavy vehicles, business equipment and machinery as well as various insurance products. Stratton Finance has served over 100,000 Australians since 1998. Stratton's purpose built platform delivers broker efficiency and enhanced customer experience. For more information visit www.strattonfinance.com.au/about-stratton.

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