PAGAYA

Pagaya Reports Second Quarter and First Half 2025 Results

08/07/2025

- *Second consecutive quarter of positive GAAP net income; raises full-year guidance*
- *Record performance across key metrics:*
  - *Net income attributable to Pagaya shareholders of $17 million; up $91 million YoY*
  - *Adjusted EBITDA of $86 million; up 72% YoY*
  - *Total revenue and other income of $326 million; up 30% YoY*
  - *Network volume of $2.6 billion; up 14% YoY*
- *Issued 1st AAA-rated (RPM) Auto ABS and inaugural AAA-rated (POSH) Point-of-Sale revolving ABS structure*
- *Successful issuance of $500 million 5-yr Senior Unsecured Notes with 8.875% coupon supported by strong 2nd quarter results*

NEW YORK & TEL AVIV, Israel--(BUSINESS WIRE)--Aug. 7, 2025-- Pagaya Technologies Ltd. (NASDAQ: PGY) (“Pagaya”, the “Company” or “we”), a global technology company delivering artificial intelligence infrastructure for the financial ecosystem, today announced financial results for the second quarter and the first half of 2025.

For additional information, view Pagaya's second quarter 2025 letter to shareholders here.

Third Quarter 2025 Outlook

	3Q25
Network Volume	Expected to be between $2.75 billion and $2.95 billion
Total Revenue and Other Income	Expected to be between $330 million and $350 million
Adjusted EBITDA	Expected to be between $90 million and $100 million
GAAP Net Income*	Expected to be between $10 million and $20 million

Full Year 2025 Outlook

	FY25
Network Volume	Expected to be between $10.5 billion and $11.5 billion
Total Revenue and Other Income	Expected to be between $1.25 billion and $1.325 billion
Adjusted EBITDA	Expected to be between $345 million and $370 million
GAAP Net Income*	Expected to be between $55 million and $75 million

**Our third quarter and full-year 2025 GAAP net income guidance includes the impact of several one-time items, the combined impact of which is expected to be a net loss of approximately $5 - $10 million for the quarter. This includes approximately $24 million in costs associated with the issuance of our corporate bond, along with costs associated with the early retirement of existing debt. Partially offsetting this loss, we expect to record a one-time benefit associated with the resolution of certain tax-related matters.*

“Our results reflect continued disciplined execution across our network of lending and funding partners. Through the combination of our increasingly

diversified sources of revenue, our scalable operating model, and our proprietary data advantage, Pagaya continues to create a unique category with the goal to bridge Wall Street and Main Street for the long term," said Gal Krubiner, CEO and Co-Founder.

Second Quarter 2025 Highlights

All comparisons are made versus the same period in 2024 and on a year-over-year basis unless otherwise stated.

- **Record GAAP net income attributable to Pagaya shareholders of $17 million (exceeding outlook of breakeven to $10 million)** increased by $91 million year-over-year, driven primarily by revenue growth and lower expenses.
- **Record network volume of $2.6 billion (exceeding outlook of $2.3 to $2.5 billion)** increased by 14% year-over-year, driven by growth in our Auto and Point-of-Sale verticals and maintaining our focus on prudent underwriting.
- **Record total revenue and other income of $326 million (exceeding outlook of $290 to $310 million)** increased by 30% year-over-year.
- **Record Revenue from fees less production costs ("FRLPC") of $126 million** increased by 30% year-over-year, driven by improved economics in our personal loan and auto verticals.
- **Record adjusted EBITDA of $86 million (versus guidance of $75 to $90 million)** increased by $36 million compared to the prior year period, benefiting from growth in FRLPC and operating leverage as the business scales.
- **Adjusted net income of $51 million**, which excludes the impact of non-cash items such as share-based compensation expense.
- **The Company raised $2.3 billion across 6 ABS transactions in Q2, a quarterly record,** and expanded its funding network by 10 new investors, for a total of 145 funding partners, with additional 2 transactions executed so far in Q3.
- **The Company issued its first AAA-rated $300 million Auto ABS securitization**, a testament to the consistent performance and scaled production of our Auto business.
- **Inaugural AAA-rated $300 million POSH Point-of-Sale ABS securitization** providing more than $1 billion in total funding capacity over the next 12 months.
- **The Company announced a new forward flow agreement with Castlelake in July to purchase up to $2.5 billion in Personal Loans** over 16 months, raising capacity across forward flow partnerships and pass-throughs to ~$5 billion since the end of 2024.

Webcast

The Company will hold a webcast and conference call today, August 7, 2025, at 8:30 a.m. Eastern Time. A live webcast of the call will be available via the Investor Relations section of the Company's website at investor.pagaya.com. To listen to the live webcast, please go to the site at least five minutes prior to the scheduled start time in order to register, download and install any necessary audio software. Shortly before the call, the accompanying materials will be made available on the Company's website. Shortly after the call, a replay of the webcast will be available for 90 days on the Company's website.

The conference call can also be accessed by dialing 1-833-316-2483 or 1-785-838-9284 and providing conference ID PAGAYA. The telephone replay can be accessed by dialing 1-844-512-2921 or 1-412-317-6671 and providing the conference ID# 11159561. The telephone replay will be available starting shortly after the call until Thursday, August 21, 2025. A replay will also be available on the Investor Relations website following the call.

About Pagaya Technologies

Pagaya (NASDAQ: PGY) is a global technology company making life-changing financial products and services available to more people nationwide. By using machine learning, a vast data network and an AI-driven approach, Pagaya provides comprehensive consumer credit and residential real estate solutions for its partners, their customers, and investors. Its proprietary API and capital solutions integrate into its network of partners to deliver seamless user experiences and greater access to the mainstream economy. Pagaya has offices in New York and Tel Aviv. For more information, visit pagaya.com.

Cautionary Note About Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. These forward-looking statements generally are identified by the words "anticipate," "believe," "continue," "can," "could," "estimate," "expect," "intend," "may," "opportunity," "future," "strategy," "might," "outlook," "plan," "possible," "potential," "predict," "project," "should," "strive," "will," "would," "will be," "will continue," "will likely result," and similar expressions. All statements other than statements of historical fact are forward-looking statements, including statements regarding: The Company's strategy and future operations, including the Company's ability to continue to deliver consistent results for its lending partners and investors; the Company's ability to continue to drive sustainable gains in profitability; the Company's ability to achieve continued momentum in its business; the Company's ability to maintain positive net cash flow; and the Company's financial outlook for Network Volume, Total Revenue and Other Income, Net Income and Adjusted EBITDA for the third quarter and full year 2025. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and assumptions include factors relating to: the Company's ability to attract new partners and to retain and grow its relationships with existing partners to support the underlying investment needs for its securitizations and funds products; the need to maintain a consistently high level of trust in its brand; the concentration of a large percentage of its investment revenue with a small number of partners and platforms; its ability to sustain its revenue growth rate or the growth rate of its related key operating metrics; its ability to improve, operate and implement its technology, its existing funding arrangements for the Company and its affiliates that may not be renewed or replaced or its existing funding sources that may be unwilling or unable to provide funding to it on terms acceptable to it, or at all; the performance of loans facilitated through its model; changes in market interest rates; its securitizations, warehouse credit facility agreements; the impact on its business of general economic conditions, including, but not limited to rising interest rates, inflation, supply chain disruptions, exchange rate fluctuations and labor shortages; the effect of and uncertainties related to public health crises such as the COVID-19 pandemic

(including any government responses thereto); geopolitical conflicts such as the war in Israel; its ability to realize the potential benefits of past or future acquisitions; anticipated benefits and savings from our recently announced reduction in workforce; changes in the political, legal and regulatory framework for AI technology, machine learning, financial institutions and consumer protection; the ability to maintain the listing of our securities on Nasdaq; the financial performance of its partners, and fluctuations in the U.S. consumer credit and housing market; its ability to grow effectively through strategic alliances; seasonal fluctuations in our revenue as a result of consumer spending and saving patterns; pending and future litigation, regulatory actions and/or compliance issues including with respect to the merger with EJF Acquisition Corp.; and other risks that are described in the Company's Form 10-K filed on March 12, 2025 and subsequent filings with the U.S. Securities and Exchange Commission. These forward-looking statements reflect the Company's views with respect to future events as of the date hereof and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, investors should not place undue reliance on these forward-looking statements. The forward-looking statements are made as of the date hereof, reflect the Company's current beliefs and are based on information currently available as of the date they are made, and the Company assumes no obligation and does not intend to update these forward-looking statements.

Financial Information; Non-GAAP Financial Measures

Some of the unaudited financial information and data contained in this press release and Form 8-K, such as Fee Revenue Less Production Costs ("FRLPC"), Adjusted EBITDA and Adjusted Net Income, have not been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). To supplement the unaudited consolidated financial statements prepared and presented in accordance with U.S. GAAP, management uses the non-GAAP financial measures FRLPC, Adjusted Net Income and Adjusted EBITDA to provide investors with additional information about our financial performance and to enhance the overall understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our business. Management believes these non-GAAP measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods. However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by U.S. GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, non-GAAP financial measures may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies. As a result, non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, our unaudited consolidated financial statements prepared and presented in accordance with U.S. GAAP. To address these limitations, management provides a reconciliation of Adjusted Net Income and Adjusted EBITDA to net income (loss) attributable to Pagaya's shareholders and FRLPC to operating income. Management encourages investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view Adjusted Net Income and Adjusted EBITDA in conjunction with its respective related GAAP financial measures.

Non-GAAP financial measures include the following items:

Fee Revenue Less Production Costs ("FRLPC") is defined as revenue from fees less production costs.

Adjusted Net Income (Loss) is defined as net income (loss) attributable to Pagaya Technologies Ltd.'s shareholders excluding share-based compensation expense, change in fair value of warrant liability, change in fair value of contingent liability, impairment, including credit-related charges, restructuring expenses, transaction-related expenses, and non-recurring expenses associated with mergers and acquisitions.

Adjusted EBITDA is defined as net income (loss) attributable to Pagaya Technologies Ltd.'s shareholders excluding share-based compensation expense, change in fair value of warrant liability, change in fair value of contingent liability, impairment, including credit-related charges, restructuring expenses, transaction-related expenses, non-recurring expenses associated with mergers and acquisitions, interest expense, depreciation expense, and income tax expense (benefit).

These items are excluded from our Adjusted Net Income (Loss) and Adjusted EBITDA measures because they are noncash in nature, or because the amount and timing of these items is unpredictable, is not driven by core results of operations and renders comparisons with prior periods and competitors less meaningful.

We believe FRLPC, Adjusted Net Income (Loss) and Adjusted EBITDA provide useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance. Moreover, we have included FRLPC, Adjusted Net Income (Loss) and Adjusted EBITDA because these are key measurements used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. However, this non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with U.S. GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. The tables below provide reconciliations of this non-GAAP financial information to its most directly comparable U.S. GAAP metric.

In addition, Pagaya provides outlook for the third quarter of 2025 and the fiscal year 2025 on a non-GAAP basis. The Company cannot reconcile its expected Adjusted EBITDA to expected Net Loss Attributable to Pagaya under "Full-Year 2025 Financial Outlook" without unreasonable effort because certain items that impact net income (loss) and other reconciling items are out of the Company's control and/or cannot be reasonably predicted at this time, which unavailable information could have a significant impact on the Company's U.S. GAAP financial results.

PAGAYA TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024

Revenue				
Revenue from fees	$ 317,714	$ 242,594	$ 600,418	$ 479,598
Other Income				
Interest income	10,739	8,193	18,415	15,937
Investment (loss) income, net	(2,055)	(443)	(2,446)	85
Total Revenue and Other Income	326,398	250,344	616,387	495,620
Production costs	191,465	145,602	358,548	290,483
Technology, data and product development (1)	18,455	21,935	37,899	41,315
Sales and marketing (1)	19,660	13,331	29,254	23,588
General and administrative (1)	40,349	64,449	86,532	127,517
Total Costs and Operating Expenses	269,929	245,317	512,233	482,903
Operating Income	56,469	5,027	104,154	12,717
Other expense, net	(34,928)	(73,194)	(82,661)	(107,543)
Income (Loss) Before Income Taxes	21,541	(68,167)	21,493	(94,826)
Income tax expense	4,978	14,512	2,438	19,515
Net Income (Loss) Including Noncontrolling Interests	16,563	(82,679)	19,055	(114,341)
Less: Net loss attributable to noncontrolling interests	(92)	(7,894)	(5,493)	(18,333)
Net Income (Loss) Attributable to Pagaya Technologies Ltd.	$ 16,655	$ (74,785)	$ 24,548	$ (96,008)
Per share data:				
Net income (loss) attributable to Pagaya Technologies Ltd. shareholders	$ 16,655	$ (74,785)	$ 24,548	$ (96,008)
Less: Undistributed earnings allocated to preferred shares	1,017	—	1,509	—
Net income (loss) attributable to Pagaya Technologies Ltd.'s ordinary shares	$ 15,638	$ (74,785)	$ 23,039	$ (96,008)
Earnings (loss) per share attributable to Pagaya Technologies Ltd.'s ordinary shares:				
Basic	$ 0.20	$ (1.04)	$ 0.30	$ (1.41)
Diluted	$ 0.20	$ (1.04)	$ 0.29	$ (1.41)

Non-GAAP adjusted net income (2)	$ 50,624	$ 7,188	$ 103,813	$ 20,519
Non-GAAP adjusted net income per share:				
Basic	$ 0.66	$ 0.10	$ 1.36	$ 0.30
Diluted	$ 0.64	$ 0.10	$ 1.33	$ 0.30
Weighted average shares outstanding:				
Basic	76,873,529	71,765,884	76,347,801	68,113,860
Diluted	79,667,635	73,002,689	78,301,110	69,485,741

(1) The following table sets forth share-based compensation for the periods indicated below:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2025	**2024**	**2025**	**2024**
Technology, data and product development	$ 1,326	$ 3,069	$ 2,423	$ 5,974
Sales and marketing	8,731	3,867	13,511	6,719
General and administrative	8,171	11,108	15,466	20,826
Total	$ 18,228	$ 18,044	$ 31,400	$ 33,519

(2) See “Reconciliation of Non-GAAP Financial Measures.”

PAGAYA TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands)

	June 30, 2025	**December 31, 2024**
Assets		
Current assets:		
Cash and cash equivalents	$ 182,986	$ 187,921
Restricted cash	23,845	18,595
Fees and other receivables (1)	118,475	97,932
Investments in loans and securities (1)	21,519	22,087

Prepaid expenses and other current assets	15,648	24,944
Total current assets	362,473	351,479
Non-current assets:		
Restricted cash	35,203	20,002
Fees and other receivables	30,709	29,182
Investments in loans and securities	848,542	756,322
Equity method and other investments	19,487	21,933
Right-of-use assets	33,726	36,876
Property and equipment, net	34,449	37,974
Goodwill	22,903	23,062
Intangible assets, net	10,521	12,821
Prepaid expenses and other assets	1,030	1,421
Total non-current assets	1,036,570	939,593
Total Assets	$ 1,399,043	$ 1,291,072
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 9,191	$ 6,992
Accrued expenses and other liabilities	39,882	45,362
Current maturities of operating lease liabilities	6,931	6,453
Current portion of long-term debt	17,750	17,750
Secured borrowing	165,416	109,079
Income taxes payable	15,303	9,858
Total current liabilities	254,473	195,494
Non-current liabilities:		
Warrant liability	2,471	893
Long-term debt	296,797	303,567
Exchangeable notes	147,526	146,342

Secured borrowing	100,141	67,010
Operating lease liabilities	29,153	30,611
Long-term tax and deferred tax liabilities, net	26,253	31,359
Total non-current liabilities	602,341	579,782
Total Liabilities	856,814	775,276
Redeemable convertible preferred shares	74,250	74,250
Shareholders' equity:		
Additional paid-in capital	1,319,312	1,282,022
Accumulated other comprehensive loss	(33,065)	(11,488)
Accumulated deficit	(919,495)	(944,043)
Total Pagaya Technologies Ltd. shareholders' equity	366,752	326,491
Noncontrolling interests	101,227	115,055
Total shareholders' equity	467,979	441,546
Total Liabilities, Redeemable Convertible Preferred Shares, and Shareholders' Equity	$ 1,399,043	$ 1,291,072

(1) Accrued interest receivable of $14.3 million, previously reported within "Fee and other receivables" as of December 31, 2024, has been reclassified to "Investment in loans and securities" to conform to the current period's presentation.

PAGAYA TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities		
Net income (loss) including noncontrolling interests	$ 19,055	$ (114,341)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Equity method loss (income)	2,446	(86)
Depreciation and amortization	15,315	13,359
Share-based compensation	31,400	33,519
Fair value adjustment to warrant liability	1,578	(1,571)

Impairment loss on investments in loans and securities, net (1)	54,605	80,046
Gain on sale of investments in loans and securities	(8,690)	—
Amortization of deferred costs	5,843	1,250
Write-off of capitalized software	—	2,561
Loss on foreign exchange	1,311	186
Change in operating assets and liabilities:		
Fees and other receivables (1)	(22,132)	(11,614)
Accrued interest on investments (1)	(15,246)	(10,204)
Prepaid expenses and other assets	9,628	998
Right-of-use assets	3,035	3,879
Accounts payable	2,108	6,071
Accrued expenses and other liabilities	(5,842)	7,793
Operating lease liability	(3,001)	(3,205)
Income taxes	364	18,363
Net cash provided by operating activities	91,777	27,004
Cash flows from investing activities		
Proceeds from the sale/maturity/prepayment of:		
Investments in loans and securities (1)	129,350	75,779
Acquisition of Theorem Technology, Inc., net of cash acquired	159	—
Payments for the purchase of:		
Investments in loans and securities	(274,125)	(408,459)
Property and equipment	(7,576)	(9,525)
Equity method and other investments	—	(125)
Net cash used in investing activities	(152,192)	(342,330)
Cash flows from financing activities		
Proceeds from sale of ordinary shares, net of issuance costs	—	89,956
Proceeds from long-term debt	—	244,725

Proceeds from secured borrowing	244,894	207,317
Proceeds received from noncontrolling interests	—	2,815
Proceeds from revolving credit facility	—	44,000
Proceeds from exercise of stock options, warrants and contributions to ESPP	3,977	759
Proceeds from issuance of ordinary shares from the Equity Financing Purchase Agreement	—	5,338
Distributions made to noncontrolling interests	(8,420)	(5,318)
Payments made to revolving credit facility	—	(134,000)
Payments made to secured borrowing	(156,924)	(78,809)
Payments made to long-term debt	(8,875)	(6,375)
Debt issuance costs	—	(7,974)
Net cash provided by financing activities	74,652	362,434
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,279	(1,723)
Net increase in cash, cash equivalents and restricted cash	15,516	45,385
Cash, cash equivalents and restricted cash, beginning of period	226,518	222,541
Cash, cash equivalents and restricted cash, end of period	$ 242,034	$ 267,926

(1) Accrued interest receivable of $14.3 million, previously reported within “Fee and other receivables” as of December 31, 2024, has been reclassified to “Investment in loans and securities” to conform to the current period’s presentation and six month ended June 30, 2024 amounts have been reclassified to conform to the current period presentation.

PAGAYA TECHNOLOGIES LTD.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

($ in thousands, unless otherwise noted)

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2025	**2024**	**2025**	**2024**
Net Income (Loss) Attributable to Pagaya Technologies Ltd.	$ 16,655	$ (74,785)	$ 24,548	$ (96,008)
Adjusted to exclude the following:				
Share-based compensation	18,228	18,044	31,400	33,519
Fair value adjustment to contingent liability	(2,205)	—	(5,389)	—
Fair value adjustment to warrant liability	479	329	1,578	(1,571)

Impairment loss on certain investments, net	15,011	58,179	44,522	77,662
Write-off of capitalized software	—	2,561	—	2,561
Restructuring expenses	263	2,725	1,225	3,545
Transaction-related expenses	9	135	23	535
Non-recurring expenses	2,184	—	5,906	276
Adjusted Net Income	$ 50,624	$ 7,188	$ 103,813	$ 20,519
Adjusted to exclude the following:				
Interest expenses	23,088	21,563	44,300	36,727
Income tax expenses	4,978	14,512	2,438	19,515
Depreciation and amortization	7,593	7,042	15,315	13,359
Adjusted EBITDA	$ 86,283	$ 50,305	$ 165,866	$ 90,120

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2025	**2024**	**2025**	**2024**
Operating Income	$ 56,469	$ 5,027	$ 104,154	$ 12,717
Add: Technology, data and product development	18,455	21,935	37,899	41,315
Add: Sales and marketing	19,660	13,331	29,254	23,588
Add: General and administrative	40,349	64,449	86,532	127,517
Less: Interest income	10,739	8,193	18,415	15,937
Less: Investment (loss) income, net	(2,055)	(443)	(2,446)	85
Fee Revenue Less Production Costs (FRLPC)	$ 126,249	$ 96,992	$ 241,870	$ 189,115
Network Volume (in millions)	2,648	2,331	5,048	4,750
Fee Revenue Less Production Costs % (FRLPC %)	4.8 %	4.2 %	4.8 %	4.0 %

View source version on businesswire.com: https://www.businesswire.com/news/home/20250806157157/en/

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