

March 2024

INTRODUCTION

# Pagaya Technologies

# Disclaimer

## Forward-Looking Statements

This presentation ("Presentation") is provided by Pagaya Technologies Ltd. ("Pagaya" or the "Company") for informational purposes only. The information contained herein does not purport to be all-inclusive and none of Pagaya, its affiliates, any of its or their respective control persons, officers, directors, employees or representatives makes any representation or warranty, express or implied, as to the accuracy and completeness or reliability of the information contained in this presentation.

Forward-Looking Statements. All statements other than statements of historical facts contained in this Presentation, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "strategy," "future," "opportunity," "may," "target," "should," "will," "would," "will be," "will continue," "will likely result," or similar expressions, that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements involve a number of risks, uncertainties and assumptions, and actual results or events may differ materially from those implied in those statements. Any corrections or revisions and other important assumptions and factors that could cause actual results or future events to differ materially from forward-looking statements or our current expectations, including discussions of significant risk factors, are set forth in the Company's Annual Report on Form 20-F and other filings with the Securities and Exchange Commission (the "SEC").

## Non-GAAP Financial Measures

This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). This presentation also includes non-GAAP financial information, such as FRLPC, Adjusted Net Income (Loss) 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. We are presenting these non-GAAP financial measures because we believe they provide an additional tool for investors to use in comparing our core financial performance over multiple periods with the performance of other companies. 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 consolidated financial statements prepared and presented in accordance with U.S. GAAP.

## Disclaimer

This Presentation shall not constitute an offer to sell or a solicitation of an offer to buy securities or an invitation or inducement to engage in investment activity nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification of such securities under the securities law of any such jurisdiction. Before you invest in any securities of the Company, you should read the documents the Company has filed with the SEC for more complete information about the Company. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

# Today's Speakers



**Gal Krubiner**  
Co-Founder & CEO



**Evangelos Perros**  
Chief Financial Officer  
*Former Managing Director  
at Apollo, Managing  
Director at J.P Morgan*



**Sanjiv Das**  
President  
*Former CEO of  
Caliber Home Loans,  
CEO of CitiMortgage*



# Pagaya by the numbers

**Our mission:** Delivering more financial opportunity to more people, more often

## 2023 Highlights:

- **Record Network Volume, Revenue, and Adjusted EBITDA**
- **Diversifying our funding sources:** Added 31 new funding partners in 2023
- Record \$6.6B ABS originations: **Pagaya remains the #1 personal loan ABS issuer in the U.S.**
- **Successful execution of \$290M credit facility with Blackrock, UBS O'Connor and JPM in early 2024** – showcasing market confidence in our earnings power
- **Step-change in lending network:** Added 4 enterprise-level partnerships

29

Lending partners

110

Funding partners

>\$20B

Funding raised across ~50 ABS transactions since 2018

>\$9B

4Q'23 Annualized run-rate network volume

>\$870M

4Q'23 Annualized Revenue

>\$135M

4Q'23 Annualized Adjusted EBITDA



Top 5 auto captive

## The problem

# Consumers can't get the credit they deserve

# 42%

of U.S. consumers are denied a financial product or the credit they seek under legacy credit scoring models<sup>(1)</sup>

Financial institutions are leaving good borrowers behind:

# ~\$120K

Average income of our borrowers<sup>(2)</sup>

## Our Solution

Ensuring lenders do not leave good borrowers behind by helping lenders **add more borrowers, retain the customer relationship, and offload credit risk**

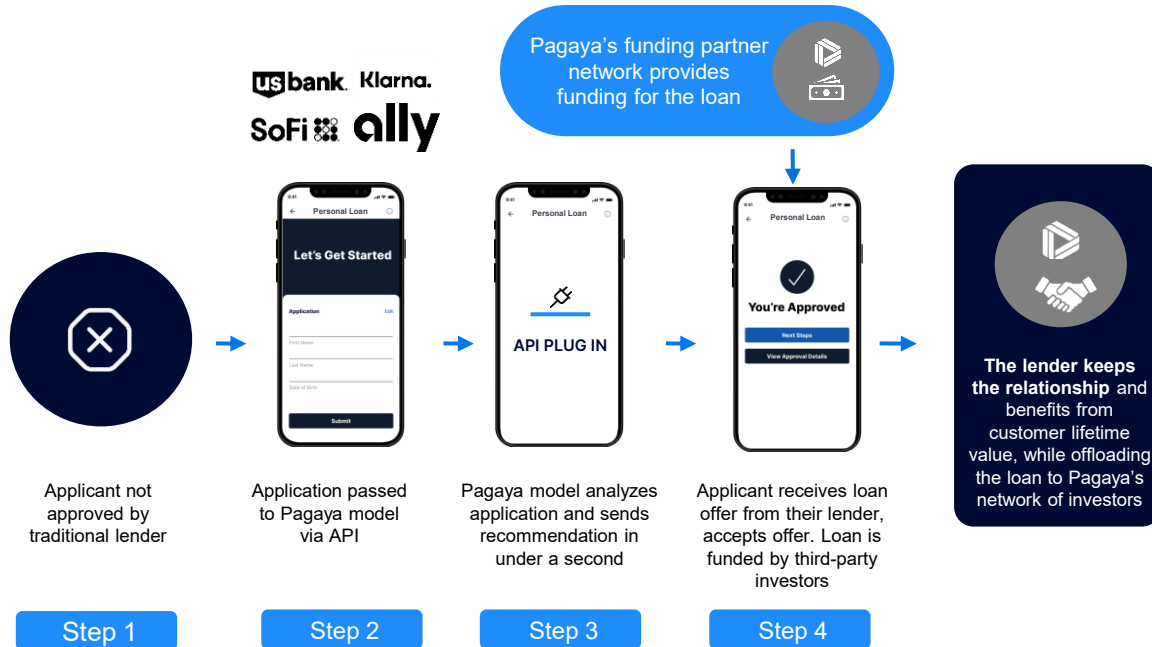
- ✓ Embedded in lenders' origination systems via API with a <1 second response time
- ✓ Proprietary AI technology, backed by >\$1.8T of applications
- ✓ Steady funding flow through Pagaya's pre-funded model



How our product works

# Lenders add more borrowers under their brand

When a lender integrates with Pagaya, the end borrower gets an offer from the lender they trust



## Seamless Lending Partner / Customer Experience

**Step 1:** Jane submits an application that falls outside her lender's credit box

**Step 2:** Jane's application is sent to Pagaya via API

**Step 3:** Pagaya model analyzes application and sends recommendation in under a second

**Result:** Jane gets a direct offer from the lender she trusts, that was enabled by Pagaya behind the scenes

How we make money

# Pagaya earns \$3-4 in FRLPC for every \$100 of loans issued

FRLPC<sup>1</sup> (our “gross profit”) driven primarily by fees paid by our lending partners for [helping them add more borrowers](#)

## Lending Partners

Pay fees to Pagaya to use our product to originate more loans and gain new customers

**63%**

of 4Q'23 FRLPC<sup>(1)</sup>



**3-4%**

Fee revenue less production costs  
("FRLPC")<sup>(1)</sup> as % of network volume

## Funding Partners

Pay fees to Pagaya for sourcing diversified, AI-enabled assets at scale

**37%**

of 4Q'23 FRLPC<sup>(1)</sup>

# Unlike traditional funding models, we raise funding before assets are created – minimizing liquidity risk

## Upfront funding model mitigates liquidity risk

### Pagaya's upfront funding model

- Pagaya raises cash from funding partners first, which sits in a trust waiting to be deployed
- ✓ Originated loans never touch Pagaya's balance sheet and we have constant **dry powder on hand to deploy**

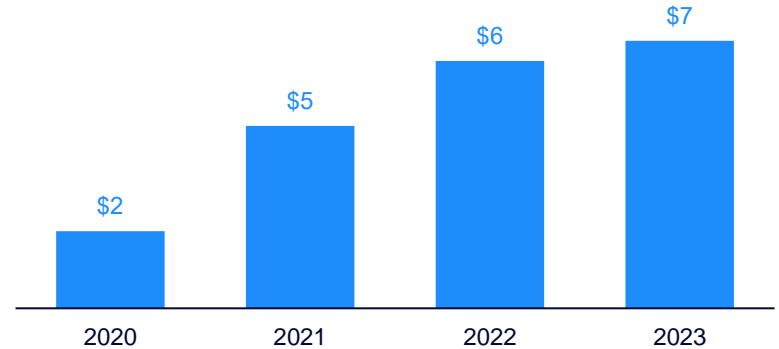
VS.

### Traditional funding model

- D2C lender originates loans first using own capital, then sells assets to funding vehicles
- ✗ Exposed to market volatility resulting in liquidity risk if funding cannot be secured

## Consistently growing our funding network

Annual total ABS originations across all products (\$B)



**\$20B+**

Funding raised since 2018

**110**

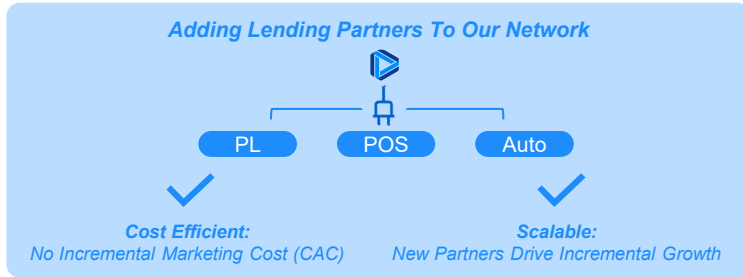
Unique investment firms in our funding network

**#1**

Personal Loan ABS issuer in the U.S<sup>1</sup>



# Pagaya grows by adding new lending partners to our network



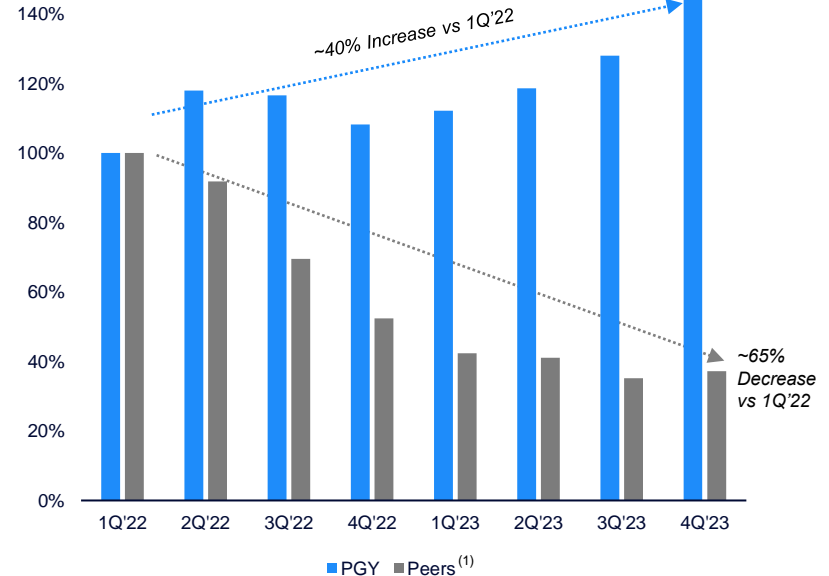
VS.

## Traditional DTC Lender



## Sustainable growth through macro volatility

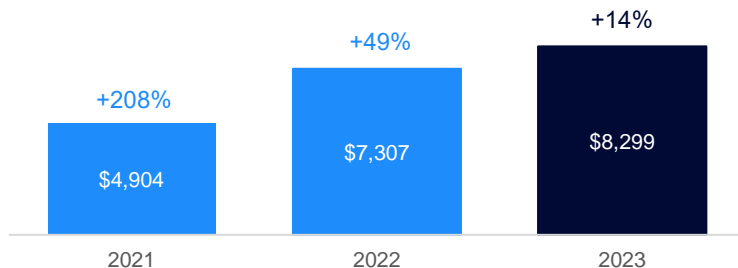
Volume change (%) indexed to 1Q'22



# Consistent financial performance through macro volatility showcases the durability of our business model

## Network Volume

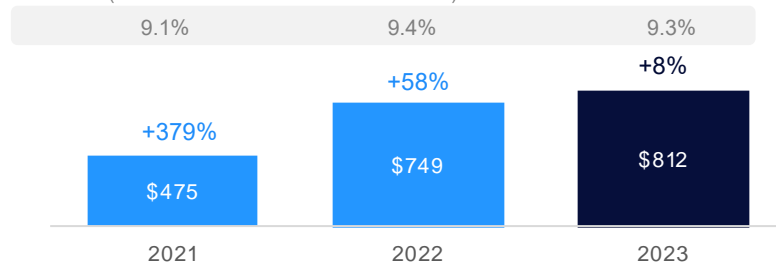
(\$ in millions & YoY % growth)



## Total Revenues

(\$ in millions & YoY % growth)

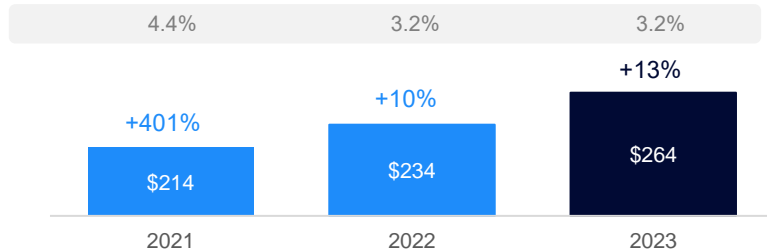
Take Rate (Fee revenue as % of Network Volume %)<sup>(2)</sup>



## Fee Revenue Less Production Costs<sup>(1)</sup>

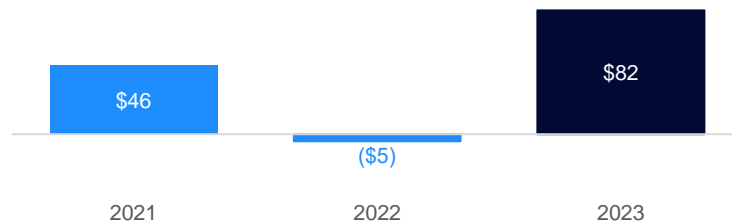
(\$ in millions & YoY % growth)

FRLPC Margin %



## Adjusted EBITDA<sup>(1)</sup>

(\$ in millions)



# Strong momentum in Q1: **On track to deliver our 2024 plan**

## Reaffirming our Q1'24 and FY'24 outlook

1

### Lending partners & product

- Ramp-up of our 2023 cohort of lending partnerships on target
- **On track to onboard 2-4 new lending partners** this year
- New product rollout – in final stages of rolling out our second loan product to first set of lending partners
- **Late-stage negotiations underway for a bank to sign onto our POS product**

2

### Credit performance & balance sheet

- **Expecting newly retained assets on Pagaya's balance sheet to deliver accretive economics**
- Early-stage delinquencies for recent personal loan vintages at 0.78% - **the lowest level since Jan 2021, implying a 9%-10% net return on assets**
- Later loss indicators for 2023 vintages - from 6 months seasoned to 12 months seasoned - are **at lowest points since April 2021**
- Latest transaction executed with cost of capital <8%, while targeting 9-10% ROA

3

### Funding & financing strategy

- **On track to achieve positive cash flow with continued growth of our business and lower net risk retention**
- Secured \$1.9B in funding across 4 transactions this year
- Landed a ~\$100M new secured borrowing facility with Jefferies
- Completed a scalable whole loan sale program with an initial \$50M transaction, that resulted in a low retained portion (**<1% retained of funded volume**)



[investor.pagaya.com](https://investor.pagaya.com)