

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 25, 2024

Commission File Number: 001-41430

Pagaya Technologies Ltd.

(Exact name of registrant as specified in its charter)

Israel

(State or other jurisdiction of incorporation or organization)

90 Park Ave, 20th Floor
New York, New York

(Address of principal executive offices)

98-1704718

(I.R.S. Employer Identification No.)

10016

(Zip Code)

(646) 710-7714

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class	Securities registered pursuant to Section 12(b) of the Act:	
	Trading Symbol(s)	Name of each exchange on which registered
Class A Ordinary Shares, no par value	PGY	The NASDAQ Stock Market LLC
Warrants to purchase Class A Ordinary Shares	PGYWW	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On September 25, 2024, Pagaya US Holding Company LLC (“Pagaya US”), a wholly owned subsidiary of Pagaya Technologies Ltd. (the “Company”), commenced an offering (the “Offering”), pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), for the issuance of \$125 million in aggregate principal amount of its Exchangeable Senior Notes due 2029 (the “Notes”). The Notes are expected to be fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. In addition, Pagaya US expects to grant the initial purchasers of the Notes an option to purchase up to an additional \$18.75 million aggregate principal amount of the Notes for settlement within a 13-day period beginning on, and including, the first day on which the Notes are issued.

In the preliminary offering memorandum, dated September 25, 2024 (the “preliminary offering memorandum”), the Company disclosed certain information.

On September 25, 2024, the Company received a commitment for a \$100 million incremental term loan (the “Incremental Term Loan”), which will mature in 2029 and is subject to substantially the same terms and conditions as its term loan facility. The Company intends to use a substantial amount of the proceeds of the Incremental Term Loan to repay secured borrowings (other than borrowings under the existing credit agreement) in addition to the secured borrowings that will be repaid from the proceeds of the Offering.

The Company’s secured borrowings that are being paid off carry a high interest rate. By refinancing a substantial portion of the secured borrowings through the offering of the notes, the Incremental Term Loan and opportunistic sales of balance sheet securities, the Company expects to reduce its cash interest expense by approximately \$30 million, and expects to be cash flow positive on an annualized basis. The Company also believes this will simplify its debt profile and balance sheet presentation.

The anticipated interest savings together with the Company’s previously announced cost reduction measures will accelerate the Company’s path to becoming cash flow positive following these transactions and fund future capital activities with minimal dependence on incremental secured borrowings.

The Incremental Term Loan is subject to market and other conditions. Closing of the Incremental Term Loan is not a condition to the closing of this offering. Pursuant to Regulation FD, the Company is furnishing herewith the foregoing information and such additional information provided to investors and included in Exhibit 99.1 to this Form 8-K.

The information in this Item 7.01, including Exhibit 99.1, is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities under that section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act or the Exchange Act, regardless of any general incorporation language in such filings. This Current Report on Form 8-K will not be deemed an admission as to the materiality of any information of the information in this Item 7.01, including Exhibit 99.1.

Item 8.01. Other Events.

On September 25, 2024, the Company issued a press release announcing the Offering. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The Notes, the guarantee and any Class A Ordinary Shares of the Company deliverable upon exchange of the Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements of the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are expected to be eligible for resale in the United States only to qualified institutional buyers. This announcement shall

not constitute an offer to sell or a solicitation of an offer to buy any of these securities nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Excerpts of certain information provided to prospective investors.
99.2	Press Release issued by Pagaya Technologies Ltd., dated September 25, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 25, 2024

PAGAYA TECHNOLOGIES LTD.

By: /s/ Evangelos Perros

Name: Evangelos Perros

Title: Chief Financial Officer

Excerpts of certain information that the Company has provided to investors.

- As of June 30, 2024, Pagaya Technologies Ltd. (the “Company”) has opportunities to partner with approximately 50% of the top 20 U.S. Banks by asset size
 - As of June 30, 2024, the Company is exploring relationships with approximately 10+ of the leading non-bank lenders.
 - As of June 30, 2024, the Company has raised greater than \$6 billion in Asset-Backed Security (ABS) capital on an LTM basis.
-

Transaction rationale and why now

Business is expected to become total cash flow positive upon completion of this transaction

Sources of proceeds: \$125M exchangeable notes issuance,
\$100M term loan upside, expected \$100M balance sheet securities sales

- Refinance existing high-cost debt facilities → ~\$30M⁽¹⁾ annual interest expense savings
- Reinvest savings to accelerate growth opportunities → significantly ramp growth with existing Lending Partners
- ✓ Upon completion of transaction, the business is expected to become total cash flow positive → [meaningfully ahead of target](#)
- ✓ Accelerates our path to GAAP net income positive

Why now?

Business momentum combined with recent rate cuts and an improved funding environment creates a unique opportunity with this transaction to position the business for accelerated near-term growth



Source: Company internal data. (1): These are not projections; they are goals/ targets and are forward-looking, subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals/targets will be achieved and the Company undertakes no duty to update its goals.

Seizing momentum: the final step to achieve total cash flow positive

Targets	Executed	Action Items
Unit Economics	✓	<ul style="list-style-type: none"> ~30% increase in our net fee rate (FRLPC as % of Network Volume) – up ~100bps since YE2023 Increased target range to 3.5% - 4.5%⁽¹⁾ (improvement of 50bps)
Operating Leverage	✓	<ul style="list-style-type: none"> Continuously lowering Core Opex as % of Total Revenues over time Actioned \$25M in annualized cost savings⁽¹⁾ to start to be reflected in 2nd half of 2024
Capital Efficiency/ Net Risk Retention	✓	<ul style="list-style-type: none"> Lowest cost of capital and risk retention levels since 2022 Significant improvement in credit performance, validated by AAA rating in Personal Loans & AA in Auto ABS Early-stage delinquencies in Personal Loan and Auto Loan at 40% - 60% below 2021/2022 peak levels Diversifying funding sources with forward flow at zero to minimal upfront capital requirements
Interest Expense Savings	With this transaction	<ul style="list-style-type: none"> Issuance of exchangeable notes, term loan upside and balance sheet optimization Refinancing ~\$270M of debt with mid-to-high teens cost Resulting in ~\$30M in annualized interest savings⁽¹⁾ from secured borrowing paydowns

Run-rate cash flow positive upon completion of transaction

Accelerated growth funded from positive cash flow

Source: Company internal data. (1): These are not projections; they are goals/ targets and are forward-looking, subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals/targets will be achieved and the Company undertakes no duty to update its goals.

Pagaya Announces Proposed Exchangeable Senior Notes Offering**September 25, 2024**

NEW YORK - (BUSINESS WIRE) – Pagaya Technologies LTD. (NASDAQ: PGY) (“Pagaya” or the “Company”), a global technology company delivering AI-driven product solutions for the financial ecosystem, today announced that its wholly owned subsidiary, Pagaya US Holding Company LLC (“Pagaya US”), intends to offer, subject to market and other conditions, \$125 million aggregate principal amount of exchangeable senior notes due 2029 (the “notes”) in a private offering to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). Pagaya US also expects to grant the initial purchasers of the notes an option to purchase, for settlement within a period of 13 days from, and including, the date the notes are first issued, up to an additional \$18.75 million principal amount of notes.

The notes will be senior, unsecured obligations of Pagaya US, will accrue interest payable semi-annually in arrears and will mature on October 1, 2029, unless earlier repurchased, redeemed or exchanged. Prior to the close of business on the business day immediately preceding July 2, 2029, the notes will be exchangeable at the option of the holders of notes only upon the satisfaction of specified conditions and during certain periods. On or after July 2, 2029 until the close of business on the second scheduled trading day immediately preceding the maturity date, the notes will be exchangeable at the option of the holders of the notes at any time regardless of these conditions. Subject to certain conditions, Pagaya US may settle exchanges of the notes by paying or delivering, as applicable, cash, Class A ordinary shares of Pagaya or a combination of cash and Class A ordinary shares of Pagaya, at the election of Pagaya US. The notes will be fully and unconditionally guaranteed, on a senior unsecured basis, by Pagaya.

The notes will not be redeemable prior to October 5, 2027. The notes will be redeemable, in whole or in part (subject to certain limitations on partial redemptions), for cash at the option of Pagaya US at any time, and from time to time, on or after October 5, 2027 and on or before the 41st scheduled trading day immediately before the maturity date, but only if the last reported sale price per Class A ordinary share of Pagaya exceeds 130% of the exchange price for a specified period of time and certain other conditions are satisfied. The redemption price will be equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The interest rate, initial exchange rate and other terms of the notes will be determined at the pricing of the offering.

If a “fundamental change” (as defined in the indenture for the notes) occurs, then, subject to a limited exception, noteholders may require Pagaya US to repurchase their notes for cash. The repurchase price will be equal to the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

Pagaya US intends to use the net proceeds from the offering of the notes to repay secured borrowing under its repurchase agreements, for general corporate purposes and to pay related fees and expenses. If the initial purchasers exercise their option to purchase additional notes, then Pagaya US intends to use the additional net proceeds from the sale of the additional notes to further repay secured borrowing under its repurchase agreements.

The offer and sale of the notes, the guarantee and any Class A ordinary shares of Pagaya deliverable upon exchange of the notes have not been, and will not be, registered under the Securities Act or any other securities laws, and the notes and any such shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, the notes or any Class A ordinary shares of Pagaya deliverable upon exchange of the notes, nor will there be any sale of the notes or any such shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

About Pagaya Technologies

Pagaya (NASDAQ: PGY) is a global technology company making life-changing financial products and services available to more people nationwide, as it reshapes the financial services ecosystem. By using machine learning, a vast data network and an AI-driven approach, Pagaya provides consumer credit and other products 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.

Cautionary Note About Forward-Looking Statements

This press release includes 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 give our expectations or forecasts of future events and can generally be 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. These statements are based on the Company’s current beliefs and expectations. Such forward-looking statements include, but are not limited to, statements regarding the completion, timing and size of the proposed offering, the intended use of the proceeds and the terms of the notes being offered as described above. Actual results may differ from those set forth in this press release due to the risks and uncertainties associated with market conditions and the satisfaction of customary closing conditions related to the proposed offering and the other risks and uncertainties described in the Company’s filings with the SEC, included under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K and any subsequent filings with the SEC. 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. 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. The Company may not consummate the proposed offering described in this press release and, if the proposed offering is consummated, cannot provide any assurances regarding the final terms of the offer or the notes or its ability to effectively apply the net proceeds as described above. Given these uncertainties, investors should not place undue reliance on these forward-looking statements. The forward-looking statements 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. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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