



FY23 Results Presentation

August 2023



Important Notice: Disclaimer

This presentation has been prepared by Pioneer Credit Limited (“**Pioneer**” or the “**Company**”).

Disclaimer: This presentation contains information about Pioneer’s activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. This information is provided in summary form and is not considered to be comprehensive or complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

Any forward-looking statements included in this presentation speak only as at the date of the presentation and undue reliance should not be placed upon such statements. Although Pioneer believes the forward-looking statements to be reasonable, they are not certain. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statement whether as a result of new information, future events or results or otherwise is disclaimed.

Subject to applicable disclosure requirements Pioneer is under no obligation to update any of the forward-looking statements contained in this presentation.

Monetary Values: Unless otherwise stated, all dollar values are in Australian dollars (A\$). The information in this presentation is subject to change without notice.

FY23 Highlights



FY23 Financial Highlights

- **Return to Profitability:** Delivered on guidance, with a return to profitability and a growth trajectory
- **Record Cash Collections:** From recent PDP investment yielding benefits
- **Record EBITDA:** Up 42% on FY22, as cost to service declined as business scaled

\$132.6m

Cash Collections¹

FY22: \$106.8m

▲ 24%

\$86.1m

EBITDA

FY22: \$60.6m

▲ 42%

\$31.2m

EBIT

FY22: \$3.4m

▲ >100%

\$0.2m

NPAT

FY22: (\$33.1m)

▲ > 100%

Note:

1. Cash collections includes payments classified as other income

FY23 Financial Highlights

- **Quality PDP Investment:** Disciplined investment; across 18 vendors, 6 new to Pioneer
- **Estimated Remaining Collections (“ERC”):** Evidence of strong cash collections to follow
- **Sustainable PA Portfolio:** \$457m across >40k customers, underpins ERC and future cash collections

\$59.2m

PDP Investment

FY22: \$99.5m

\$567.5m

ERC

FY22: \$572.2m

\$456.9m

PA Portfolio

FY22: \$464.2m

\$304.3m

PDP Asset

FY22: \$295.5m

About Pioneer Credit



About Pioneer Credit

- Pioneer is a debt recovery specialist that acquires and services retail finance Purchased Debt Portfolios (“PDPs”)
- PDPs are acquired from major banks, financial institutions and non-bank lenders; and are held on balance sheet
- Pioneer is the #2 player in the Australian PDP market, with strong growth tailwinds
- Since 2008, Pioneer has invested over \$650m in PDPs, which is \$4.6bn in receivables across ~560,000 customer accounts
- An active customer base of ~210,000, with ~\$1.9bn in receivables due to Pioneer, including ~\$457m in payment arrangements
- Pioneer employs over 400 people in Australia and the Philippines; our people are ‘founded in good’, and they have a strong social conscience. This is valued by debt vendors



We buy impaired credit

We partner with a range of leading financial institutions to purchase outstanding debt



We provide flexible solutions

We tailor solutions to help our customers address their account in a way that suits their needs



We focus on customer care

Our High Net Promotor Score (“NPS”) shows our commitment to providing a positive customer experience

Board of Directors



Steve Targett

Non-Executive Chairman

-
- Formerly CEO RACQ Bank, ANZ Japan and Europe, Director at Clydesdale Bank, National Bank of NZ, Cuscal Limited
 - Chair at P&N Bank and Director at CPT Global Ltd



Keith John

Managing Director

-
- Founder of Pioneer Credit
 - Over 25 years' experience in the financial services
 - Director of Midbridge Investments Pty Ltd and Bondi Born



Suzan Pervan

Non-Executive Director

-
- Co-founder of accounting firm Gooding Pervan
 - 14 years at EY and PwC
 - Former Director at United Credit Union
 - Member of the Institute of Chartered Accountants



Peter Hall

Non-Executive Director

-
- Formerly MD at Genworth Australia, and MD at GE Mortgage Insurance
 - Significant experience across financial services, with expertise in credit risk
 - Previously Director of BNK Banking Corporation Limited



Pauline Gately

Non-Executive Director

-
- Significant investment banking career at Citibank, BNP, Merrill Lynch and Deutsche Securities
 - Chair of Kalgoorlie Gold Mining Ltd, Director at Elixinol Wellness Ltd and Artiden Ltd

Executive Leadership



Sue Symmons

Company Secretary

-
- Over 25 years' experience including at Automotive Holdings Group Limited and Helloworld Ltd
 - BComm, MBL and Member of the Governance Institute of Australia



Barry Hartnett

Chief Financial Officer

-
- 10 years at Pioneer across finance and corporate development
 - BFin, Acc and Econ
 - Member of the Chartered Accountants Australia & New Zealand



Andrea Hoskins

Chief Operating Officer

-
- Strategic and commercial leader with over 15 years' experience, mostly in financial services
 - 10 years with HBF in senior management and executive roles
 - BComm (Marketing & PR)



Ian Burnette

Chief Information Officer

-
- Over 25 years IT experience
 - 15 years in senior leadership across finance and insurance including 5 years as Head of Platform Operations at Bankwest

Our Purpose and Principles



To put an end to
debt stress



Act with purpose



Be human



Choose integrity

Australian PDP Market



High barriers to entry and changing landscapes are presenting Pioneer with opportunities

PDP MARKET OVERVIEW

- From the Hayne Royal Commission (2017) and COVID-19, focus on customer treatment by vendors significantly increased
- An extensively structured and well-established regulatory framework, characterised by stringent oversight
- Competitive pressures are being alleviated as participants exit the market
- Growing regulatory and reputational moat around Pioneer, restricting new market entrants
- Number of vendors increasing, with 3 of the 4 big banks active, and a growing non-bank finance sector

PIONEER DIFFERENTIATION

- **Pioneer has a unique servicing approach:** We work closely with the customer to understand their situation, delivering tailored solutions for their benefit
- **Pioneer is one of only a few scaled participants:** We generate significant free cash flow, with access to additional funding as required, to invest in PDPs
- **Pioneer has a market leading reputation:** Desirable vendors partner with trusted purchasers with strong compliance records, and an enviable reputation
- **Pioneer does not offer further credit to customers:** We do not extend the debt cycle. Banks clearly prefer this approach
- **Pioneer does not compete with its vendors:** Pioneer is a pure play debt purchaser and servicer. We do not compete with vendors by selling a competing loan product. This is in part driving Pioneer market share growth

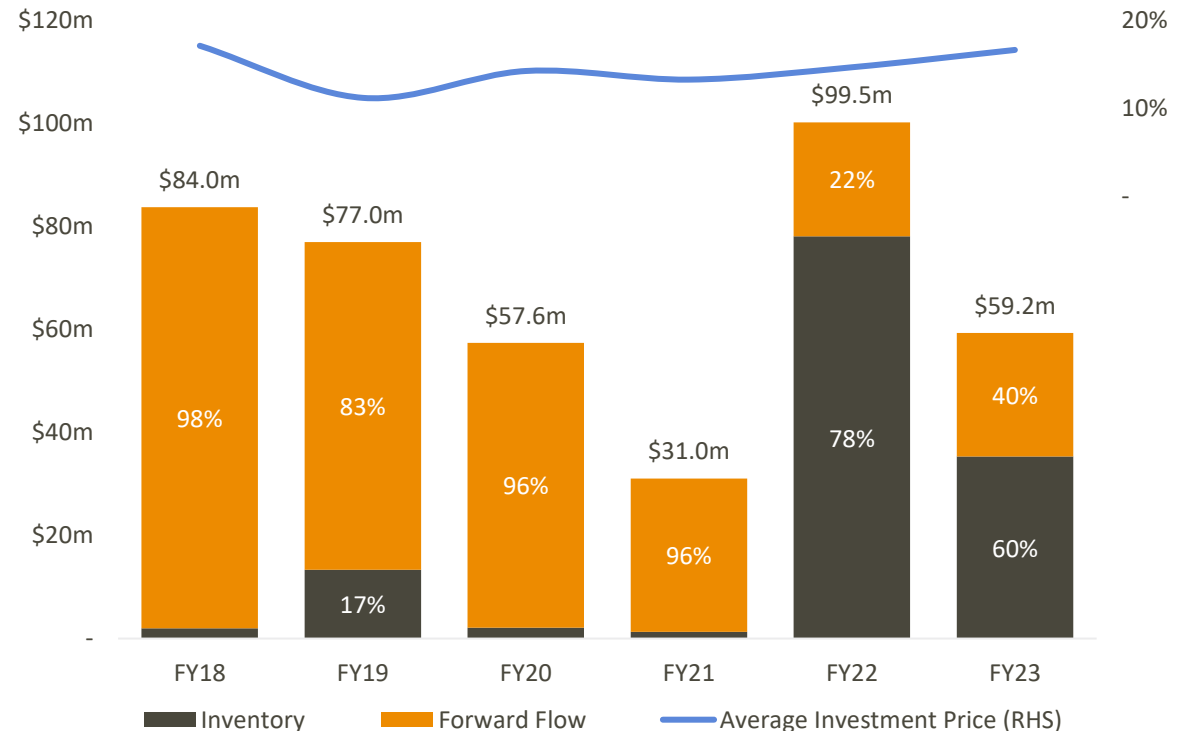
PDP Investment

Increase in vendor partnerships, building a solid base for growth across FY24

PDP INVESTMENT OVERVIEW

- Focus on banking and finance PDPs; controls ensure appropriate investment
- No payday lending or lower quality receivables
- Diverse vendor partnerships, 18 vendors, 6 new to Pioneer
- 5-year forward flow agreement with CBA (2022-2027)
- Prices have remained steady, variances generally reflect vendor pre-sale treatment, not market competition
- Solid pipeline for FY24 PDP investment;
 - \$35m investment contracted to date
 - Agreements in place with 12 vendors

PDP INVESTMENT & PRICE¹



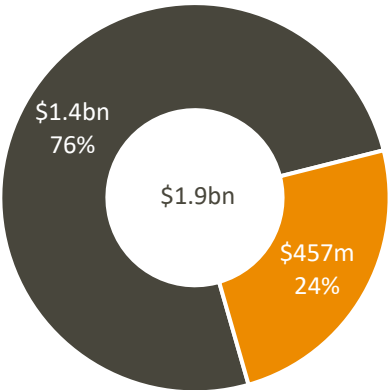
Note:

1. Average price excludes investments in Performing Portfolios

Portfolio Opportunity

\$1.9b of receivables; \$457m performing portfolio, with an inventory opportunity of \$1.4bn

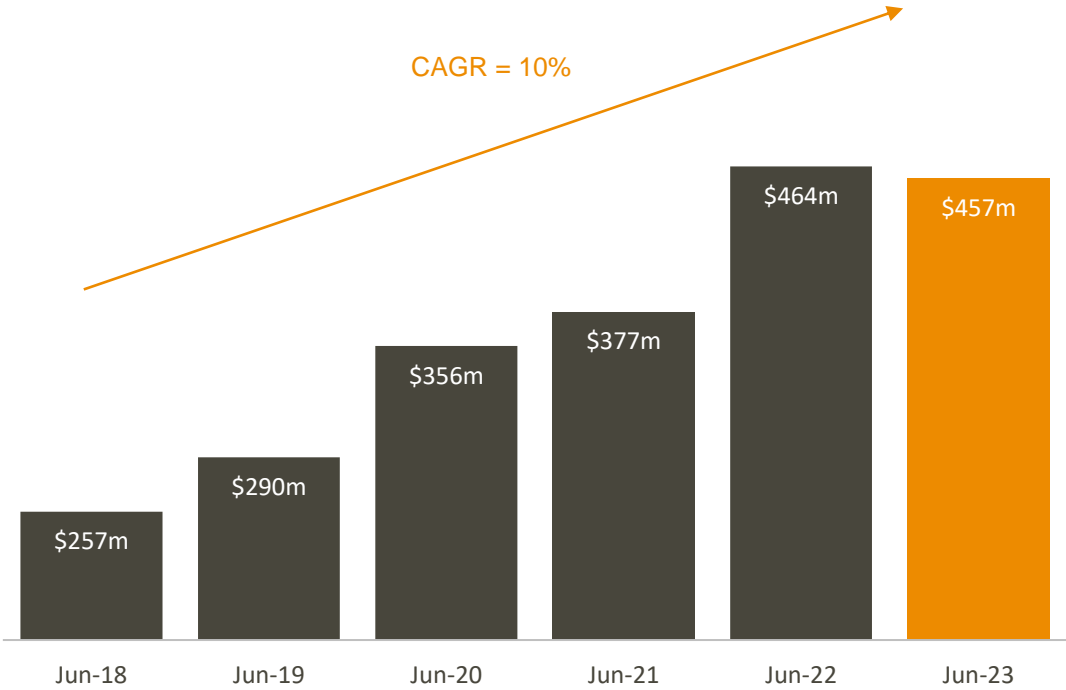
TOTAL PORTFOLIO OPPORTUNITY



■ Inventory Portfolio ■ Performing Portfolio


Inventory Portfolio	Figure
# Accounts	~170,000
Outstanding balance	\$1.4bn
Weighted ave. age	~3 years
% Bank originated	80%

PERFORMING PORTFOLIO



Customer Outcomes and ESG

Strong NPS¹ demonstrates our genuine care for our customers

NPS	MEASURING CUSTOMER EXPERIENCE				DIFFERENTIATED APPROACH	
<p>+28</p> <p>NPS</p> <p>Jun-23 Rolling 6-month average</p>	<p>(29)</p> <p>First Contact</p>	<p>+30</p> <p>New Payers</p>	<p>+34</p> <p>Ongoing Payers</p>	<p>+39</p> <p>Settled Payers</p>	<ul style="list-style-type: none"> • Performance: A servicing model that drives customer engagement, payments and shareholder returns • Compliance: A robust framework reduces risk whilst supporting good customer outcomes • Vendor Partners: Our strong NPS reinforces vendor decisions partner with Pioneer • Employees: Our team are empowered to work to end debt stress for our customers • Shareholders and Investors: Our integrity is evidenced by our reputation 	
		<p>“During difficult times like these, they showed that they are also human and acted with kindness, compassion, and understanding.”</p>		<p>“The person I talked to was extremely helpful and respectful of my situation. They helped me set up a plan that suited my needs.”</p>		
				<p>ESG FOCUS</p> <ul style="list-style-type: none"> • Diverse employee base: 58% female, with 50% female representation at the executive and senior leadership • Pioneer operates in a non-carbon intensive and sustainable environment • Robust compliance framework that supports good customer outcomes • Pioneer does not invest in payday loans 		

Note:
1. Net Promoter Score measures the willingness of a customer to recommend a product or service

Financial Performance



FY23 Profit or Loss

Profit or Loss (\$'m)	FY22	FY23	%
PDP income	53.7	77.5	44%
Other income ¹	0.7	5.3	>100%
Total income	54.3	82.7	52%
Employee expenses	(33.2)	(34.4)	4%
Finance expenses	(39.1)	(33.8)	(14%)
Other expenses	(15.1)	(14.4)	(5%)
Net Profit/(Loss) before tax	(33.0)	0.2	>100%
Income tax expense	(0.1)	(0.0)	N/A
Net Profit/(Loss) after tax	(33.1)	0.2	>100%

Other financial metrics			
Cash collections ²	106.8	132.6	24%
EBITDA	60.6	86.1	42%
EBIT	3.4	31.2	>100%
Cost to service	44%	37%	(7%)

Notes:

- Other income is mostly remediation payments by vendors for PDPs across multiple products and vintages
- Cash collections includes payments classified as other income

KEY CALL OUTS

- Total income grows to record level
- Other income is mostly remediation payments by vendors for PDPs across multiple products and vintages
- Strong improvement in cash collections up 24% with stable employee expenses
- Finance expense down 14%, despite 'All In' interest rate increase of ~400bps in period; cost to business of ~\$6.6m in additional interest
- Cost to service decreased to 37%, within target range of 35%-37%

FY23 Balance Sheet

Balance Sheet (\$'m)	Jun-22	Jun-23
Cash and cash equivalents	23.1	8.4
Trade and other receivables	6.2	1.5
PDP assets at amortised cost	295.5	304.3
Plant, property and equipment	0.8	0.7
Right of use asset	8.4	7.4
Intangible assets	1.0	0.5
Other	4.5	3.9
Total Assets	339.5	326.7
Trade and other payables	28.7	6.1
Borrowings	256.7	266.5
Provisions	2.9	2.9
Lease liabilities	10.1	9.3
Total Liabilities	298.4	283.0
Net Assets	41.1	41.9

KEY CALL OUTS

- Cash and cash equivalents of \$8.4m
 - FY23 includes payment for PDPs contracted in Jun-22
 - Trade and other payables lower for PDP settlement in Jul-22
- PDP asset of \$304.3m
- \$25.0m of a Deferred Tax Asset (“DTA”) not yet recognised
 - Net Assets (Including DTA) of \$66.9m

Financing Activity

Pioneer has commenced the process to reduce funding costs

SENSITIVITY TO YE 30 JUN-23			
'All in' Interest Rate	Interest Expense	Incremental Cash	Cash Balance
12.83% - Current	(\$31.1m)	-	\$8.4m
10.0%	(\$27.1m)	\$4.0m	\$12.4m
9.0%	(\$24.4m)	\$6.7m	\$15.1m
8.0%	(\$21.7m)	\$9.4m	\$17.8m
7.0%	(\$19.0m)	\$12.1m	\$20.5m

KEY CALL OUTS

- Average FY23 'All In' interest rate was 11.0%
- All else equal, a reduction to 7% - 9% in FY23, would have reduced the interest expense, and increased cash, by \$6.7m - \$12.1m
- Reducing interest rates levels will provide additional cash flow to:
 - Fund increased PDP investment
 - Strengthen balance sheet and reduce LVR
 - Fund future M&A activity

FY23 Cash Flow

Cash Flow (\$'m)	FY22	FY23
Cash collections and receivables	106.7	138.8
Trade and other payables	(52.0)	(47.4)
Net interest paid	(25.7)	(29.9)
Purchased debt portfolios	(75.8)	(81.5)
Net cash flows from operating activities	(46.8)	(20.0)
Net cash flows from investing activities	(0.8)	(0.5)
Loan drawdown / (Repayment)	52.3	7.4
Other	8.0	(1.6)
Net cash flows from financing activities	60.3	5.8
Net cash flows	12.7	(14.7)
Closing cash and cash equivalents	23.1	8.4

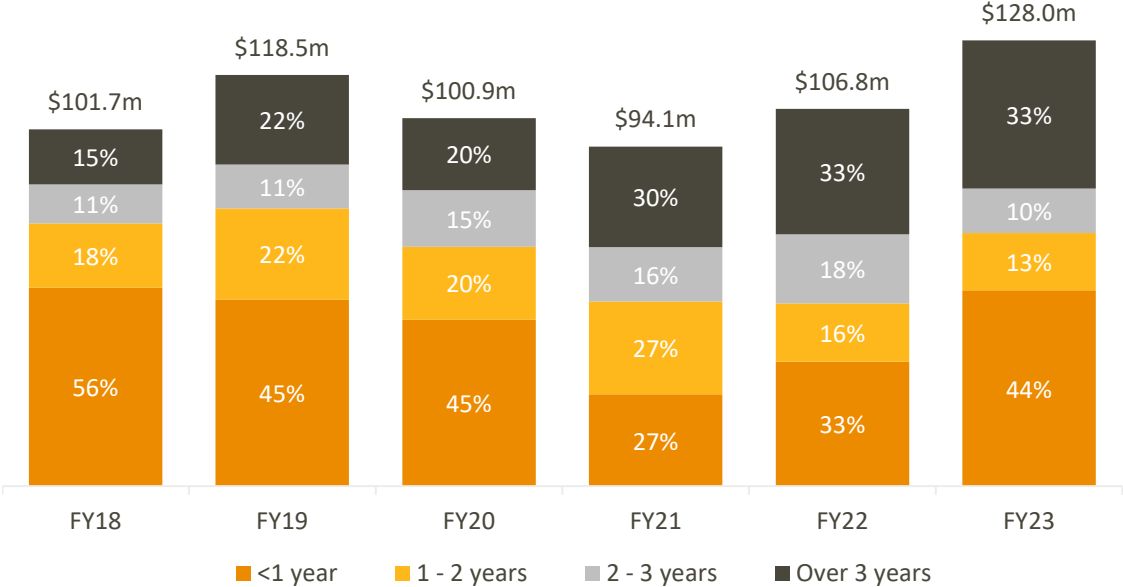
KEY CALL OUTS

- Increase in cash collections substantially funded PDP investment
- Includes ~\$20.5m for PDPs contracted in Jun-22 and paid in Jul-22
- Net loan drawdown of \$7.4m

Cash Collections

Significant investment in last 12 months has shifted cash collections profile to earlier vintages

CASH COLLECTIONS BY VINTAGE¹



CASH COLLECTIONS OVERVIEW

- Uplift in contribution from the < 1 year vintage over FY23 is driven by recent investments in performing portfolios
- Cash collections from > 2 year vintage continuing to increase;
 - \$42.4m to \$52.7m, up 24% on FY21
 - Highlights quality of the PDP Asset
 - Clearly shows value of older vintages
 - Demonstrating operational effectiveness

Note:
1. Cash collections excludes payments classified as other income

Outlook



Positive FY24 Outlook



Continued industry regulatory focus

- Continued investment in compliance, customer treatment and audit
- Pioneer's strong compliance record and NPS remain an advantage



Strong tailwinds for PDP opportunities

- \$60m PDP investment guidance for FY24, 58% under contract to date
- Agreements in place with 12 vendors
- 5 year forward flow with CBA to 2027
- Significant opportunities



Reduce cost of funds

- Process commenced to reduce cost of funds
- Material savings to be realised in FY24



Realise operating leverage

- CRM replacement commenced, due late FY24, expected to deliver efficiencies from FY25
- Data and other cost out opportunities exist with our larger size and buying power



Material uplift in NPAT

- Continue to implement strategic initiatives, to drive profit and enhance shareholder value

pioneer
credit