



Market Update

31 October 2023



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

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 in Australia, and are held on balance sheet
- Pioneer has no exposure to the Northern Hemisphere
- Pioneer is the #2 player in the Australian PDP market, with strong growth tailwinds
- Since 2008, Pioneer has invested over \$660m in PDPs, which is \$4.6bn in receivables across ~570,000 customer accounts
- An active customer base of ~205,000, with ~\$1.8bn in receivables due to Pioneer, including ~\$454m 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 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

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- 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

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- 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

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



Ian Brunette
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
We see people, and seek to understand



Be human
We do what's right,
not what's easy



Choose integrity
We commit to making a
positive difference

Pioneer's Market

High barriers to entry, increased regulatory oversight and greater compliance obligations underpin market share growth opportunities

PIONEER MARKET POSITION

Pioneer is well-positioned in a highly concentrated Australian PDP market, with increasing barriers to entry

Pioneer is one of few scaled participants:

- Access to funding combined with strong cash collections to seize attractive future opportunities
- Six vendors onboarded in FY23 and purchased from 18 in total

Pioneer holds a market-leading reputation:

- Vendors increasingly choose to partner exclusively with Pioneer, known for our differentiated, customer-first servicing approach and strong compliance record
- Stringent regulations and the necessity of a mature risk management framework is forcing competitors out of the market

Pioneer does not offer further credit:

- Vendors avoid selling to Pioneer's competitors with similar loan and credit offerings

MARKET ACTIVITY

Macroeconomic:

- **Australian Economy:** Attractive investment opportunities increasing with economic pressures. Pioneer has experienced almost no impact across our performing portfolio
- **Australian Debt Market:** The market continues to consolidate while barriers to entry increase. Pioneer has continued to grow market share attributed to our market leading customer treatment and exceptional compliance track record
- **Australian Vendors:** Vendors are selling more but are more selective about their partners, favouring those without competing products and with demonstrated excellent customer treatment

Competitive landscape:

- **Market Exits:** Market exits have occurred due to the high cost of capital for overcommitted participants.
- **Opportunistic Performing Portfolios:** There is an increase in performing PDPs acquired directly from vendors. These portfolios consist of customers who have consistently honoured their commitments without defaulting
- **Entire Portfolio Acquisitions and M&A:** Increased regulation and market share of scaled players has led to smaller players exiting the market and consequently selling their entire PDP portfolios

SECTION 1

Performance



1Q24 Financial Update

- Consistent Cash Collections
 - 2H23 PDP investment of \$16.8m, a 78% decrease compared to the prior year, highlighting strong 1Q24 cash collections across all vintages
 - Recent PDP investment performing ahead of expectations
 - Contracted forward flow volumes increasing as economy tightens
- PDP Investment
 - 81% of YTD PDP investment from forward flow agreements, underpinning PDP investment
 - Continued focus on Australian banking and finance accounts
 - Significant PDP opportunities available to Pioneer

CASH COLLECTIONS¹

\$30.0m

1Q23: \$30.8m

▼ (3%)

PDP INVESTMENT¹

\$12.9m

1Q23: \$10.7m

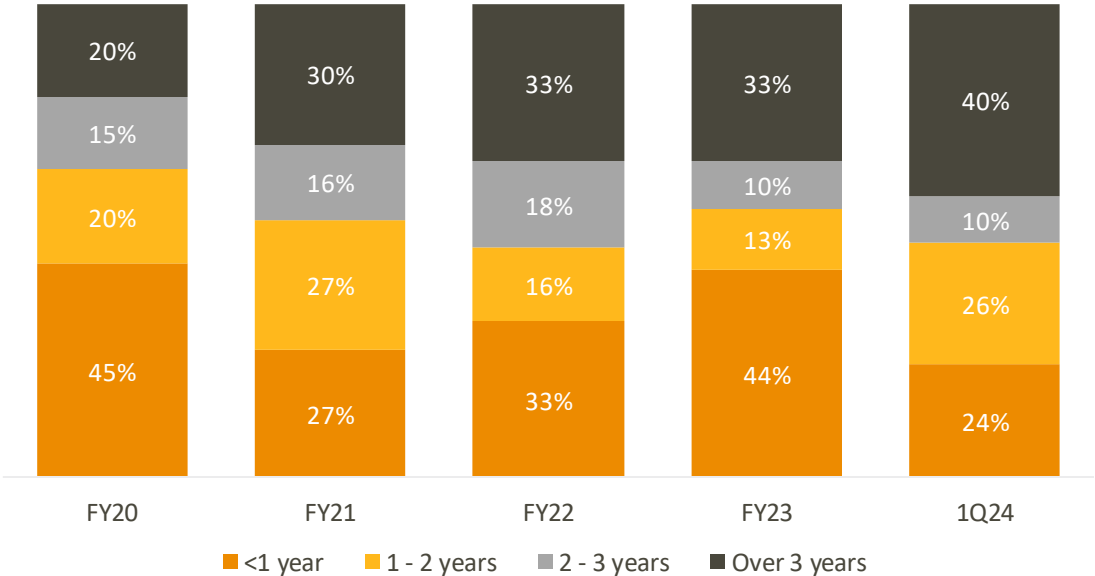
▲ 21%

Note:
1. Unaudited

Cash Collections

Performance increasing across older vintages, while recent PDP investment drives newer vintages

CASH COLLECTIONS BY VINTAGE¹



CASH COLLECTIONS OVERVIEW

- Consistent Q1 Cash Collections driven by:
 - Appropriate servicing strategies for a tightening economy
 - Consistent contribution from performing portfolio
 - Contribution from the large FY22 performing portfolio which continues ahead of underwriting
- Increasing contributions from older vintages highlighting the depth in quality of Pioneer’s PDP portfolio


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

Customer Outcomes and Approach

Strong NPS¹ demonstrates our genuine care for our customers

NPS

+23
NPS
Sep-23 Rolling
6-month average



MEASURING CUSTOMER EXPERIENCE

(29) First Contact	(15) New Payers	(9) Ongoing Payers	+41 Settled Payers
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“During a very stressful time, the team were very understanding and professional”

“The person I talked to was so helpful, understanding, and patient with my circumstances. I can’t fault the team in anyway, and they are wonderful at being caring human beings”

DIFFERENTIATED APPROACH

- **Pioneer is an Australian specialist:** No exposure to the Northern Hemisphere. We are solely focused on growing from our #2 position in the Australian market
- **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:** Best vendors partner with trusted purchasers with strong compliance records, and an enviable reputation
- **Pioneer does not offer further credit to customers:** Banks and financiers clearly prefer purchasers that do not extend the debt cycle
- **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 loan product. This is in part driving Pioneer market share growth

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

SECTION 2

Portfolio



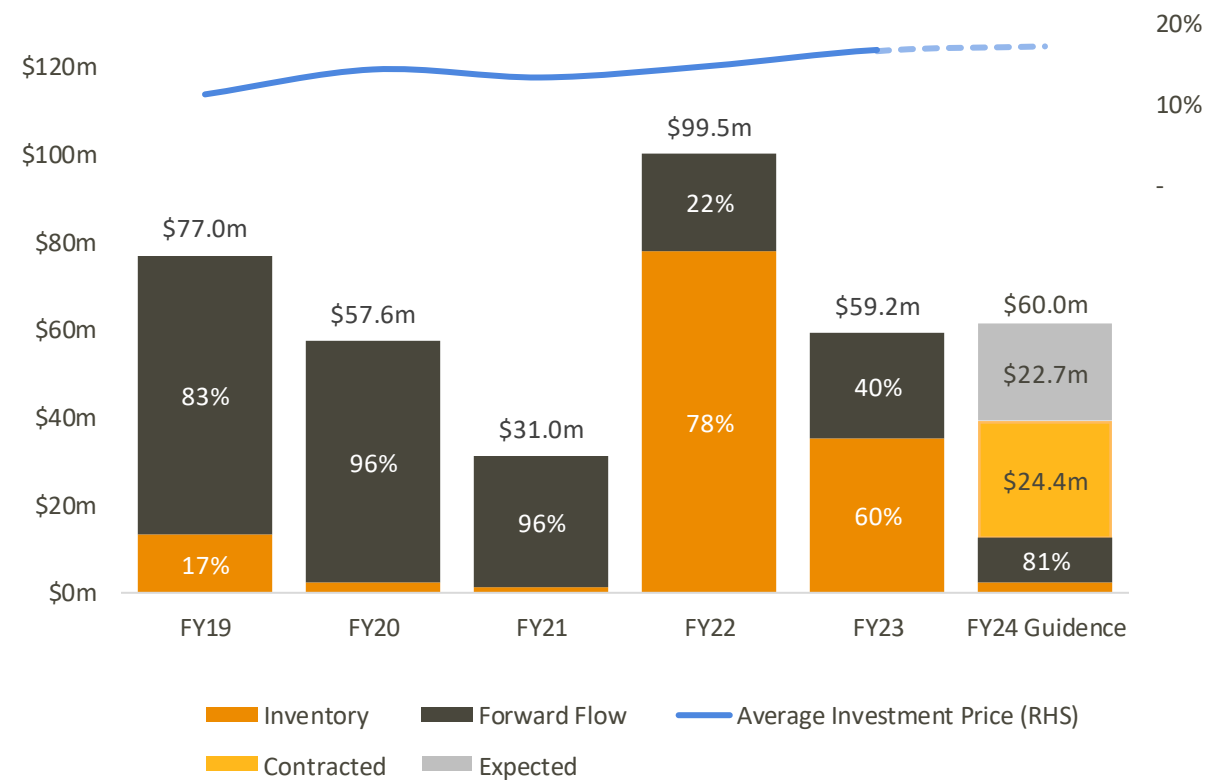
PDP Investment

Increasing opportunities and PDP investment are driving solid growth for FY24

PDP INVESTMENT OVERVIEW

- Focus on Australian banking and finance PDPs; controls ensure appropriate investment
- No payday lending or lower quality receivables
- Prices have remained steady, variances generally reflect vendor pre-sale treatment, not competition
- Solid pipeline for FY24 PDP investment;
 - 62% of \$60m FY24 PDP investment guidance
 - Agreements in place with 12 vendors

PDP INVESTMENT & PRICE¹



Note:
1. Average price excludes investments in Performing Portfolios

Portfolio Opportunity

\$1.8b of receivables due - \$1.4bn is the opportunity set and \$454m is the performing portfolio, which has been stable through cost of living and inflationary crisis, with growth expected to resume

TOTAL PORTFOLIO OPPORTUNITY

PERFORMING PORTFOLIO GROWTH (YTD)

PIONEER PORTFOLIO

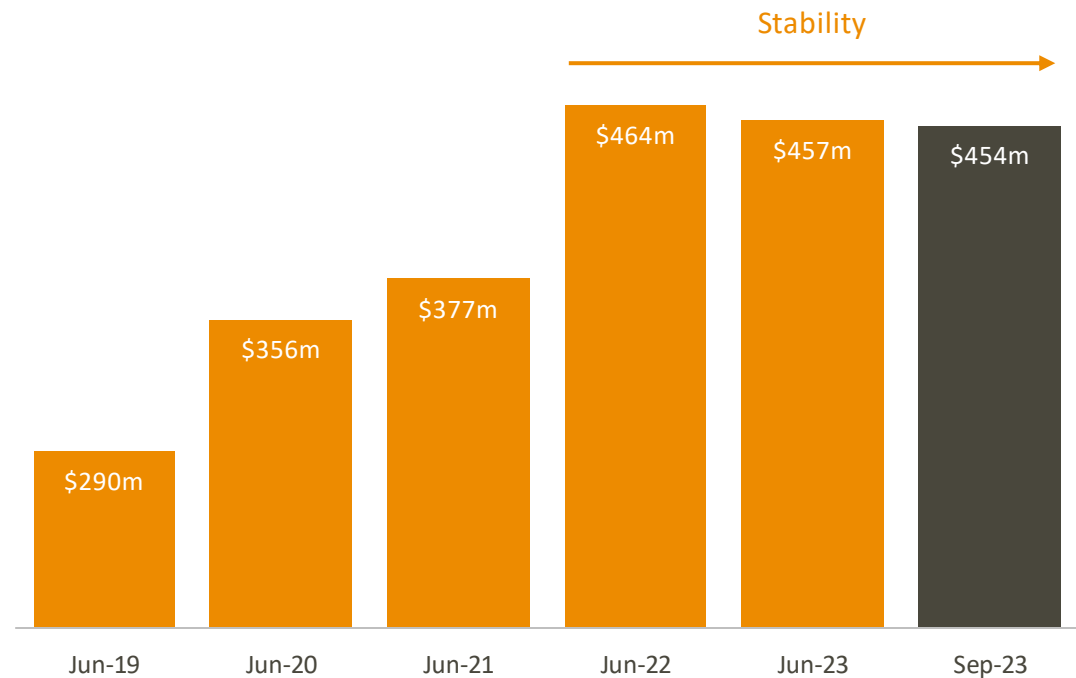
\$1.8bn in receivables ~205k active customers

PERFORMING PORTFOLIO

\$454m
in receivables

WIP PORTFOLIO

\$1.4bn
in receivables



SECTION 3

Strategic Updates



Systems & Technology update

Implementing enterprise grade technology, and significantly strengthening our cyber security posture will provide a better customer experience, enhance our operational efficiency and reduce cost to service

SYSTEM UPDATE

Core System Replacement

- Well progressed with the implementation of the new system of record and Customer Relationship Management system
- The new system is enterprise grade, used by banks and the world’s largest and most successful debt purchasers
- Expected to significantly improve the effectiveness of our people, and drive down the cost to service
- Expected go-live in late FY24

INVESTMENT INTO SECURITY, DATA & TECHNOLOGY

Cyber Security Improvements

- Enhanced cybersecurity measure to ensure a secure environment for customer data
- Regular audits, culminating in thorough reports and action plans for key stakeholders to ensure strict compliance with APRA standard

Data and Technology Optimisation

- Continued investment into advanced data analytics and machine learning techniques to extract valuable insights from data
- Drives cash collections growth and cost to service saving through data-driven strategies that identify opportunities and mitigate risks
- Migration to a scalable and cost-effective cloud infrastructure

Refinancing Update

Pioneer continues to advance its refinancing process and expects to materially reduce funding costs

UPDATE

- Numerous banks (Australian and international) in the data room
- Material decrease to cost of funds expected
- Increased flexibility within funding structure expected to provide greater balance sheet flexibility going forward
- No additional equity expected to support refinancing
- Updated timing: targeting binding terms pre-Christmas

SENSITIVITY TO FY24 BASE FUNDING COSTS

Interest Rate	Interest Expense	Incremental Cash	Cash Balance
12.99% - Current	(\$35.2m)	-	\$8.4m
10.0%	(\$27.1m)	\$8.1m	\$16.5m
9.0%	(\$24.4m)	\$10.8m	\$19.2m
8.0%	(\$21.7m)	\$13.5m	\$21.9m
7.0%	(\$19.0m)	\$16.2m	\$24.6m

- Average FY24 YTD interest rate is 12.99%

SECTION 4

Outlook



Alignment to Shareholders

Management are the largest shareholders in Pioneer and remuneration is aligned to shareholders and designed to reward long term sustainable growth

COMPANY OWNERSHIP		
Shareholdings	# Shares	% Holding
Keith John ¹	17.2m	15%
Board and Management (exc. Keith John)	2.9m	3%
Mr James Simpson	11.3m	10%
Nomura	9.1m	8%
Other	71.5m	64%
Total	111.9m	100%

LTI UPDATE

- LTI built on 3-year (FY22 – FY25) performance, where each year's hurdle must be met to open that year's incentive
 - But an incentive will only be paid if a separate 4th year (FY26) hurdle is met. If not met, all rights lapse
- **Hurdle is an Audited Statutory Net Profit after Taxation of at least \$18m for the financial year ended 30 Jun-26**



Note:
1. Assume 5m options exercised prior at 19 Nov-23

Positive FY24 Outlook

Pioneer expects continued growth; greater market share as a preferred purchaser of high-quality Australian bank originated customers



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
- 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 from 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

- Macro tailwinds, tightening economy for increased PDP supply, into an environment of full employment
- Executive incentives target set at an **FY26 Statutory NPAT of at least \$18m**

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