



FY25 Update

31 October 2024



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

About Pioneer



About Pioneer

- Pioneer is a debt recovery specialist focused on acquiring and servicing retail Purchased Debt Portfolios (“PDPs”)
- PDPs are primarily acquired from banks, financial institutions and non-bank lenders; and are held on Pioneer’s balance sheet
- Market Leadership: Pioneer is a leader in the Australian PDP market; with a duopoly emerging as competitors exit
- Investment Track Record: Since 2008, Pioneer has invested over \$756m in PDPs; across \$5.8bn in receivables and ~780k customer accounts
- Customer Base: Pioneer serves ~221k customers with ~\$2.0bn in receivables, including ~\$435m in active payment arrangements
- Employee Commitment: Pioneer’s teams in Australia and the Philippines are ‘founded in good’ with a strong social conscience. This is valued by debt vendors



To put an end to debt stress

Pioneer’s vision reflects a multi-stakeholder environment, and for each stakeholder in our business we aim to be their first choice

- ✓ As an employer, **people** choose to work for Pioneer
- ✓ **Customers** with multiple debts choose to work with Pioneer
- ✓ When presented a choice, **vendors** choose Pioneer to sell to
- ✓ **Investors** choose Pioneer based on expected sustainable returns

Pioneer's Growth Opportunities



High barriers to entry and an evolving market landscape is creating new opportunities to increase market share

Pioneer Market Position

- **Pioneer is one of the few scaled participants** with funding capacity to capitalise on opportunities from both returning vendors and new to market entrants
- **Market-leading Reputation:** Many Vendors choose to sell exclusively to Pioneer, valuing our differentiated, customer-first approach and strong compliance record
 - Stringent regulations and the need for robust risk management have driven some competitors out of the market
- **Unique Servicing Approach:** We work closely with our customers to understand their needs and provide mutually beneficial solutions
- **No Competing Credit Products:** Pioneer does not offer additional credit, making us a preferred partner for vendors seeking an independent, non-competing service

Pioneer Growth Opportunities

- **Performing portfolios:** Acquire performing PDPs directly from vendors of customers who pay regularly without default. This trend is gaining momentum, particularly in the fintech sector
- **Warehouse sales:** Purchase aged portfolio from banks, non-bank lenders and other financial services companies that have not warehoused accounts since 2020
- **Alternative portfolios:** Acquire PDPs that are rarely released to market which yield high returns at a low Cost to Service(CTS), including insolvency and mortgage shortfall portfolios
- **Entire portfolio acquisitions and M&A:** Increased regulation, capital constraints and high funding costs are driving competitors to exit, creating opportunities for entire portfolio acquisitions
- **Economic Outlook:** The macro environment supports ongoing PDP investment, with no noticeable impact on customer performance

PDP Investment

Driving sustainable profitability through strong investment growth and consistent cash collections

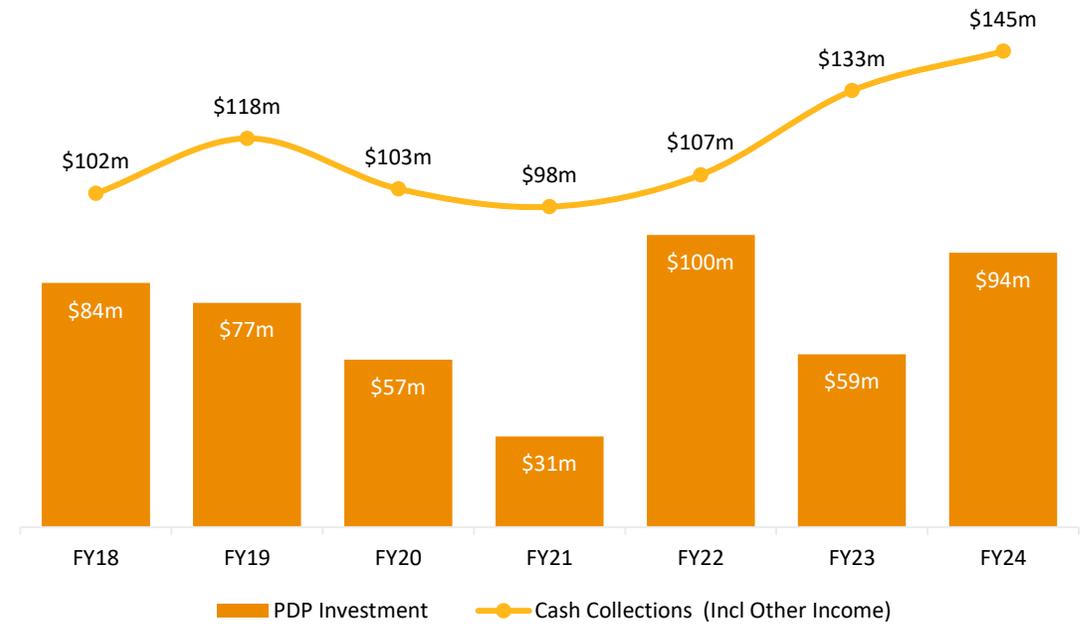
PDP Investment Overview

- **PDP historical investment \$756m across ~780k accounts**
 - Extensive performance data supporting underwriting accuracy
 - No exposure to payday loans or SACC¹ products
- **Consistent Cash Collections:** Strong cash collections through FY18 – FY21 of ~\$100m consistently, on materially lower investment. Evidences strong performance of aged vintages
- **Estimated market size**
 - \$400m in FY25, driven by the re-entry of dormant vendors
 - Pioneer has ~25% market share, with further growth opportunities
- **ERC (PDP Investment) replacement rate**
 - A consistent money multiple of 2.4x equates to a \$56m replacement rate
 - PDP Investment above the replacement rate represents growth
- **Best starting position for PDP investment in 6 years**
 - Agreements in place with 14 vendors at consistent pricing
 - ~\$65m FY25 PDP investment already under contract

Note:

1. Small Account Credit Contract

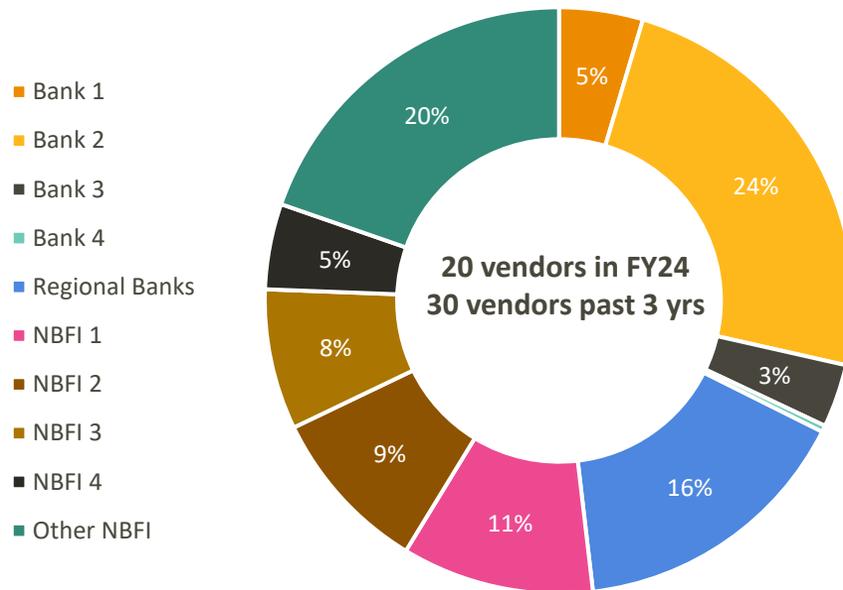
PDP Investment and Cash Collections



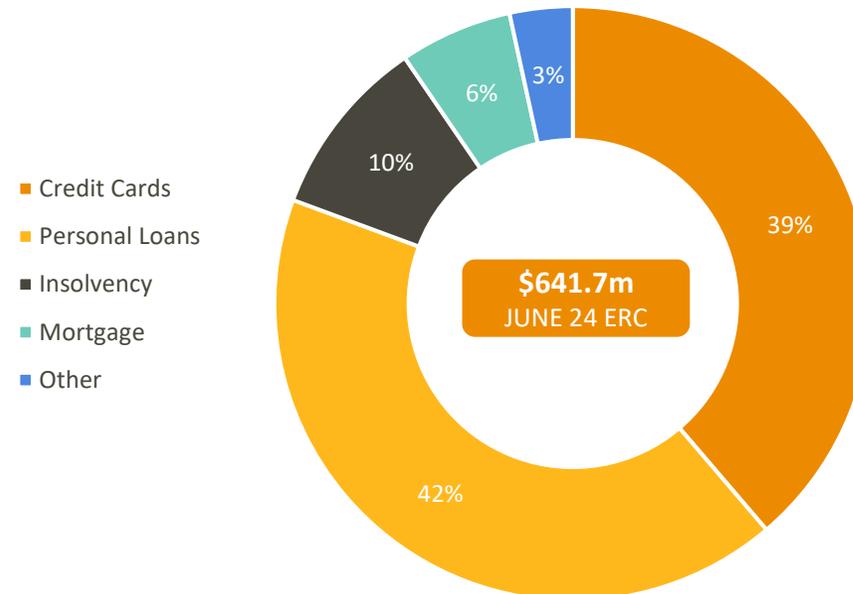
PDP Investment and ERC

Diverse vendor base with no concentration risk and core product discipline to ensure capital safety

PDP Investment by Vendor^{1,2} (FY22-FY24)



ERC by Product Type



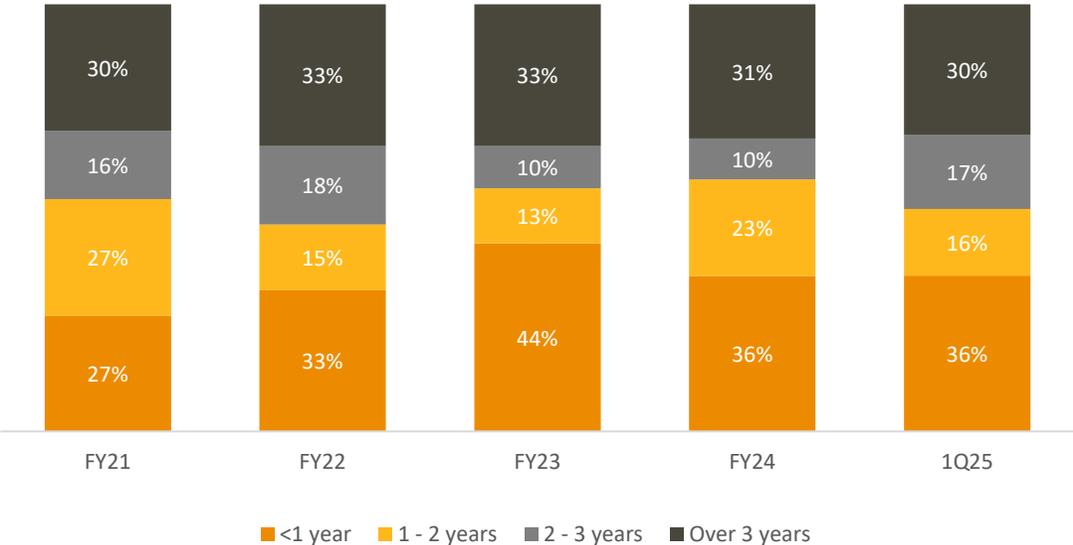
Note:

1. Excludes one-off investments from Balbec, Panthera and Max Recovery
2. Banks includes Macquarie Bank

Cash Collections

Strong performance across all vintages, with recent PDP investments driving growth in newer vintages

CASH COLLECTIONS BY VINTAGE¹



CASH COLLECTIONS OVERVIEW

- **Consistent Q1 Cash Collections driven by:**
 - Effective servicing strategies for a tightened economy
 - Steady contributions from performing portfolios
- Increasing contributions from older vintages highlighting the depth and quality of Pioneer’s PDP portfolio

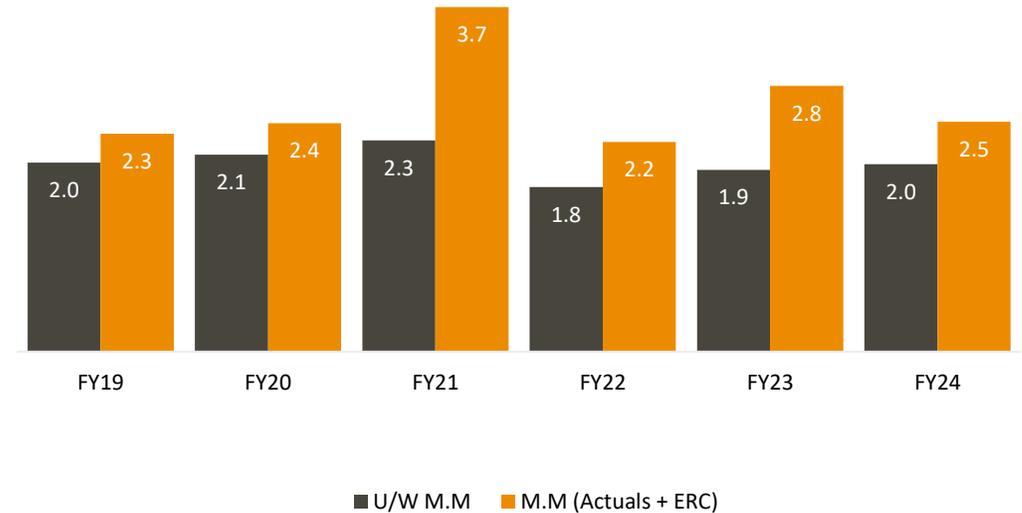
Note:
1. Cash collections excludes payments classified as other income

Historical returns from PDP Investments

Forecast Money Multiples

- Underwriting ('U/W') is the forecast return set at portfolio acquisition
- Money Multiple ('MM') is the gross multiple return on invested capital
- Product mix has an impact on the MM's
 - credit cards MM is 2.2x – 2.4x investment
 - insolvency MM is 1.4x – 1.6x investment
- Recent market dynamics have supported investment in large-performing and insolvency transactions, albeit with lower MM
- Pioneer historically outperforms U/W because
 - of consistent disciplined investment
 - of its quality customer accounts (no payday loans)
 - of strong operational capabilities
 - well-aligned executive and leadership
- Board Investment Delegation requires net internal rates of return ('IRR') of at least 15% on all investments
 - all vintages have exceeded a net IRR of 15%
 - MM is not a target (IRR is); IRR is the primary measure of investment performance

Underwriting Multiple vs. Total Money Multiple



Litigation against PwC



Proceedings commenced in Oct 23 in the Supreme Court of WA against PwC for damages and interest

Pioneer continues to progress its claim against PricewaterhouseCoopers (**PwC**), as a result of PwC's opinion, first communicated to Pioneer in December 2017, that when Pioneer was required to adopt Accounting Standard AASB 9 for the reporting period commencing 1 July 2018, it could continue to classify and report the value of its purchased debt portfolios at fair value through profit or loss.

Pioneer has filed and served its expert evidence as to liability.

1. PwC has not counterclaimed, and we are not aware of any counterclaim which they would have against Pioneer.
2. The claim is for unliquidated damages which Pioneer considers total ~\$27 million. Pioneer considers that with interest it may recover over \$32 million. However, this is subject to the Court's findings as to liability and quantum. Ultimately, the Court will assess the quantum of any damages to which Pioneer may be entitled.
3. The matter will be returning before the Judge for a case management conference in late March 2025 which will likely set the path to a mediation and if no agreement is then reached between the parties, to a trial.

Aligned to Shareholders

Tested and experienced management is aligned to shareholders and incentivised to deliver long-term sustainable growth

Company Ownership

Shareholdings	# Shares	% Holding
Keith John Entities	17.3m	12%
Other Board and Management	2.2m	2%
Samuel Terry Asset Management	21.5m	15%
James Simpson Entities	10.8m	8%
Nomura Holdings Inc	8.8m	6%
NGE Capital Limited	7.2m	5%
Other	75.7m	52%
Total	143.5m	100%

LTI Update

- **LTI Eligibility:** Achievable by meeting annual targets over a 3-year period to FY25
- **Incentive Payment Condition:** Incentives for successful years are only paid if an additional 4th year (FY26) hurdle is met
- **FY26 Hurdle:** Statutory Net Profit after Taxation >\$18m



Outlook



FY25 Outlook and Guidance



Strong tailwinds for PDP opportunities

- Near-term opportunities from competitors exiting
- Significant supply of PDPs in and coming to market
- Upside risk to Investment guidance late in the FY



Continued industry regulatory focus

- A strong compliance record and NPS are an advantage
- Continued investment in compliance, customer treatment and audit



Realise operating leverage

- CRM replacement progressing, to deliver efficiencies from 2025
- Data improvements and cost out opportunities exist with our scale



Tested and Experienced Management

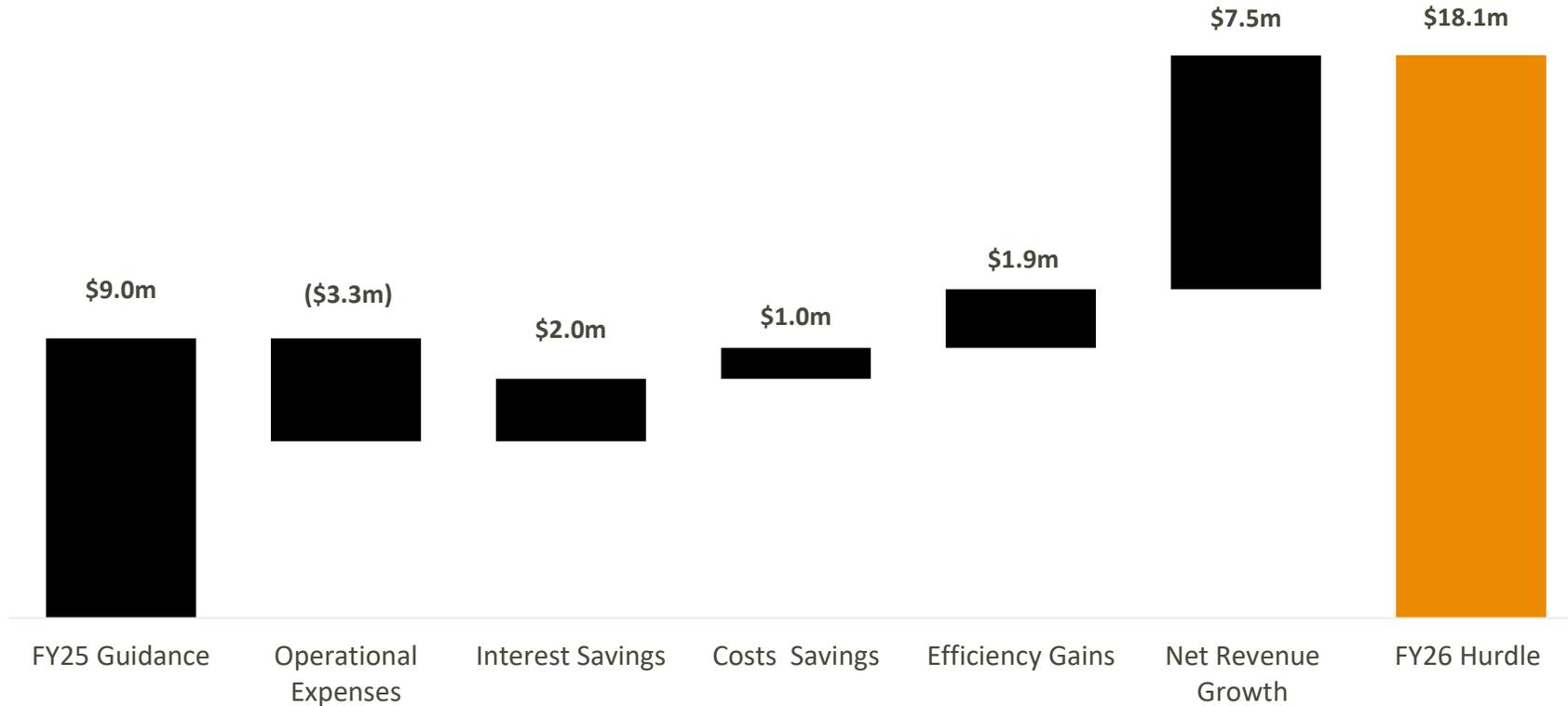
- Extensive experience across the PDP sector
- Founder-led business with strong alignment to shareholders
- LTI (management incentives) vest on FY26 NPAT of >\$18m



FY25 Guidance

- PDP Investment >\$80m
- NPAT >\$9m

Bridge to FY26 LTI Target



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