

Pioneer announces FY20 results and completes refinance of senior finance facilities

FY20 Key Outcomes

- Cash receipts (PDP liquidations and services) of \$103.0m down 15% on pcp
- PDP Investment of \$55.7m, down 25% on pcp
- PDP carrying value of \$260.0m up 4% on pcp
- Statutory Net Loss After Tax of \$40.1m
- Normalised EBITDA of \$51.1m

Pioneer Credit Limited (ASX: PNC) (“**Pioneer**”, or the “**Company**”) today announced its full-year results for the period ended 30 June 2020.

For the third consecutive year, annual Purchased Debt Portfolio (“**PDP**”) liquidations exceeded \$100 million, closing at \$101 million for FY20. The FY20 result was however impacted by the extraordinary events of the terminated Scheme of Arrangement with Carlyle¹ and the COVID-19 pandemic.

“While the statutory result for the year is extremely disappointing, Pioneer has emerged from this challenging period with a capital structure that supports continued operations and positions the Company for growth,” said Keith John, Managing Director.

Pioneer’s liquidations were impacted significantly by the restrictive agreements it had with Carlyle¹, which inhibited both the Company’s operating and purchasing activities. Furthermore, the decision of vendors to suspend the sale of PDPs during the height of COVID-19 (from April to June) also limited on the Company’s debt purchasing programme.

Despite these restrictions and limitations, the Company continued to generate significant operating cash flow which enabled it to continue its PDP investment programme in a manner that both supported its liquidations performance and enabled the business to grow the value of its PDPs.

Mindful of COVID-19’s broad economic impact, the Company has taken a cautious view of its balance sheet which has resulted in the accelerated write-off of a number of items, and the booking of a net impairment loss against the PDP carrying value totalling \$6.3 million.

The Company incurred significant one-off costs totalling \$22.2 million in FY20, including costs associated with the terminated Scheme of Arrangement, standstill costs relating to the refinancing of senior facilities in December 2019, and the cost of the refinancing process for the Carlyle¹ debt facilities incurred during the second half of FY20.

The Company has closely followed marketplace developments throughout this period and is pleased with vendor engagement and the support it has received from vendors.

Pioneer is pleased to report that the Company has rolled over every available PDP forward flow agreement, and has now renegotiated those and other forward flow agreements, generally on improved terms compared to the start of the pandemic, and is again positioned to take advantage of value creating opportunities as they arise. Moreover, Pioneer's customer servicing approach continues to be highly valued by vendors and the engagement of new and existing vendors points to exciting growth opportunities for Pioneer in the medium term.

Financial Close on Senior Syndicated Facilities

Further to the announcement on 17 September 2020, Pioneer is pleased to announce that yesterday it reached financial close on the senior Syndicated Facility Agreement (“SFA”) arranged by Nomura Australia Limited, and has now refinanced the Company's senior debt facility with Carlyle¹. Further information on the SFA is contained in the investor presentation which accompanies this release.

“The recent months have been an extremely difficult time for the Company's shareholders and Noteholders, and we thank them for their patience and support during this period,” said Mr John.

“The circumstances leading to the refinancing of the Company were extremely complex; starting with the breakdown of the Carlyle¹ relationship and its decision to allege defaults against the Company, coupled with the onset of the COVID-19 pandemic, making it the worst possible time to refinance debt. At all times the Company has sought to protect the interests of its shareholders and Noteholders, and the Board is grateful for the support received by its advisors Azure Capital and K&L Gates and the senior lending syndicate, led by Nomura Australia Limited.

“What has been achieved, is a refinance in partnership with experienced, sophisticated lenders that have deep international experience in our sector. Their commitment reflects a strong belief in Pioneer and its management.

“Pioneer is now looking forward to putting the events of the past 12 months behind it and focussing on its business. This process has already begun and our current performance trends are positive. With the benefit of this new capital and some certainty and stability we expect consistent improvement.

“Pioneer's payment arrangement book, the cornerstone of our monthly liquidations, has grown to \$366 million² with close to 30,000 customers. This growth means Pioneer's level of

recurring income has been growing and its diversity means Pioneer is not reliant on a small number of large customers or contracts.

“We are aware that with this refinance, our leverage is high when measured against typical ratios. However, when considered against our growing payer’s base, liquidations and cash flow generation, which improve leverage through time, Pioneer is comfortable with the current position.

“With our committed Board and the leadership of our strengthened executive team we are looking forward to delivering on our performance promise of pursuing new growth, maintaining unparalleled customer service and being the top challenger brand in the industry,” said Mr John.

On a pro forma basis, following the financial close of the senior syndicated facilities, Pioneer’s unaudited net assets per share are approximately 74.33c³.

The following investor presentation accompanies the Company’s Annual Report also lodged with ASX today and contains an overview of Pioneer’s audited results for FY20 and the SFA.

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About Pioneer

Pioneer Credit is an ASX-listed company (ASX: PNC) providing high quality, flexible, financial services support to help everyday Australians out of financial difficulty. Pioneer Credit has the trust of long-term vendor partners to do the right thing and respectfully support customers to achieve their financial independence.

Pioneer Credit has established a solid foundation to pursue further growth by leveraging its outstanding industry relationships, compliance record and customer-focused culture.

www.pioneercredit.com.au

¹ Robin BidCo Pty Ltd and/or Robin HoldCo Holdings Ltd and/or Project Robin LP, all entities part of the group of entities doing business as ‘The Carlyle Group’

² as at 31 August 2020

³ as at 30 June 2020