24 Sep 20

FY20 Results and Refinancing Completion

INVESTOR PRESENTATION

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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.

Abbreviations: Refer to Appendix

Situational Overview

Pioneer has refinanced its senior debt facilities, bringing an end to a difficult chapter, and is once again positioned for growth

- New senior debt facility - a $169m term facility and a $20m purchasing facility
- $40m Medium Term Notes restructured
- Limited COVID-19 impact, sound underlying FY20 performance
- Market opportunity as others experience regulatory and funding challenges, which a resilient and strengthened Executive and Board expect to capitalise on

Pioneer is well positioned to:

- continue its customer support programmes
- capture improved market opportunities
- respond to changing workplace requirements

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Refinancing - $189m Senior Debt

The debt package provides headroom to acquire 'above expectation' portfolio opportunities

New senior debt package	• $169m term facility • $20m purchasing facility • 15,750,626 warrants issued to incoming financiers, ensuring long term alignment with shareholders
Debt Structure	• $145m (plus any drawn purchasing facility amount) as 'first out', $24m as 'last out' • Investment into 'last out' debt from Keith John (MD) entities of $1m • Limited personal guarantee and real estate security for 'last out' debt provided by Keith John (MD) entities of up to $2.5m
Key senior debt terms	• Weighted average interest rate: BBSY + 11% p.a. • Commitment fee: 2.5% p.a. on purchasing facility's undrawn commitment • Exit fee: 2.0% p.a. on actual amounts drawn and outstanding • Top-up fee: to an IRR of 14.5%, excluding upfront fees and including value of warrants • Covenants: Interest Coverage, Net Debt / Adjusted EBITDA, Senior LVR and Group LVR (tested from 31 Dec 20) • Maturity: 30 Sep 22, extendable to 1 Jul 23 under agreed conditions
Key warrant terms	• Nil exercise price, expiring 4 years from financial close • 9,509,737 warrants issued immediately, 6,240,889 warrants subject to shareholder approval
Lead arranger and advisers	• Arranger: Nomura Australia • Financial adviser: Azure Capital • Legal adviser: K&L Gates

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Refinancing - $40m Medium Term Notes

As part of the refinancing, the subordinated MTNs were restructured, with consent received from Noteholders in Jul 20

Key MTN restructured terms	• Margin: increased from +5.25% p.a. to +7.25% p.a. • Maturity: increased by 12 months to 22 Mar 23 • Quarterly redemption date triggers for Pioneer, providing greater funding flexibility
Other terms	• Approving noteholders receive a consent fee of 0.5% of the outstanding principal amount of each Note
Lead arranger and advisers	• Financial advisers: Azure Capital and Acacia Partners • Legal adviser: K&L Gates

Capital Structure

Pioneer has sufficient headroom under the new facility and restructured MTNs to meet covenants and pursue growth

Pro Forma Capital Structure	At Financial Close $'000
Senior Term Facility	169,000
Cash funded transaction costs	2,000
Less Cash at Bank	11,738
Net Senior Debt	**159,262**
Subordinated Medium Term Notes	40,000
Net Group Debt	**199,262**
Diluted Equity Value at $0.30/sh[1]	25,815
Enterprise Value	**225,077**

Uses of Funds	$'000
Repayment of Carlyle facility	163,396
Future PDP purchases	20,000
Transaction fees and related costs	7,604
Total Uses	**191,000**

Sources of Funds	$'000
Senior Term Facility	169,000
PDP Purchasing Facility (undrawn)	20,000
Cash ultilised	2,000
Total Sources	**191,000**

Notes:
1. On a diluted basis including rights and options (in both instances only where conditions have been met), and warrants. The issue of 6.2m warrants and all of the options remain subject to shareholder approval

Strong alignment of purpose

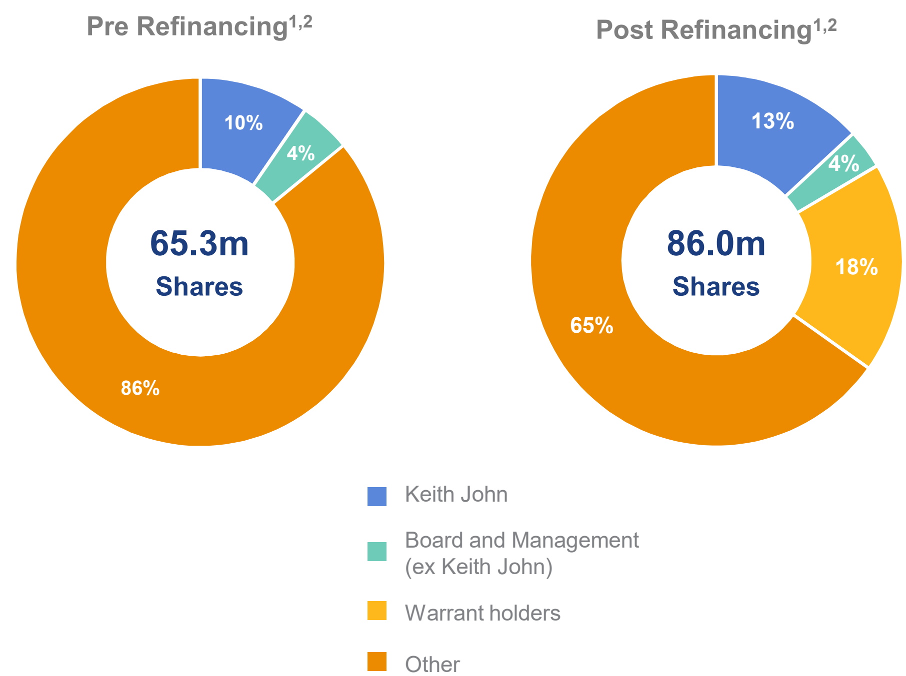
Incentive scheme based on significant gains for shareholders, with executive remuneration that rewards sustainable growth and ensures strong alignment to shareholder value creation

Key aspects of Equity Incentive Plan

- Every KMP member is equity aligned to shareholders
  - Appropriately incentivises KMP such that they are accountable for the most significant part of tenure of acquired assets
- 14 participants across the business – ensures aligned leadership
- No Short Term Incentives for Executives (ex. COO)
- EIP generally vests over 3 to 5 years to ensure alignment with shareholders and the tenure of assets they are managing

FY21 EIP & Managing Director Retention and Incentivisation

- Performance Rights issued in FY21, $1 share price hurdle (3.5x last traded share price) before they vest, with a 4 year term (none issued to MD)
  - Employee receives no financial benefit for 4 years
- 8m 30c options issued to the Managing Director[3]
  - Of which 3m 30c options to vest on share price being =>$1 share (3.5x last traded share price) for least 8 weeks, with a 3 year term
  - Exercise Price for all options is 15% above 30 day VWAP



Note:
1. Includes performance and indeterminate rights with conditions met, but not yet vested
2. On a diluted basis including rights and options (in both instances only where conditions have been met), and warrants. The issue of 6.2m warrants and all of the options remain subject to shareholder approval
3. Subject to shareholder approval

Future focused

FY21 Strategy Overview

Pioneer is focussed on its strategy of disciplined growth, diversification and operational efficiency

1	**Capitalise on growth opportunities while being disciplined**	• There has been a re-emergence of available PDP volumes following the onset of COVID-19 in Australia • Pioneer will seek to capitalise on these lower priced opportunities while maintaining disciplined PDP acquisition criteria
2	**Vendor and product diversification**	• Pioneer will continue to mainly purchase from banks while taking measured steps into utilities and telco market • The latter represents a significant growth segment but will require similar discipline so as not to dilute the value of the PDP portfolio
3	**Focus on growing payment arrangements**	• Pioneer has successfully grown its PA portfolio through the COVID-19 pandemic • Testament to Pioneer's approach of treating its customers with respect and dignity • Pioneer will continue to execute on this strategy as a key mechanism to support the asset backed value of its portfolio
4	**Thrive under increased regulatory scrutiny**	• The receivables management industry is mature and highly regulated • Pioneer anticipates the level of oversight will increase, contributing to higher barriers to entry • Pioneer's market leading compliance record and longstanding vendor relationships provide a strong competitive advantage • Pioneer continues to prioritise compliance and customer outcomes as a key value driver for the longevity of vendor relationships and future purchasing opportunities
5	**Increase operating leverage**	• Continue to increase performance efficiency through cost reduction and acceleration of digital customer engagement programmes

Differentiated Approach

Pioneer is differentiated by its approach of providing high-quality, flexible and customised financial services to help everyday Australians out of financial difficulty

Resilient Portfolio	Strong Vendor Relationships	Disciplined PDP Acquisition	Do the right thing
• Data science is driving portfolio selection and performance • A clear focus on product segments where customers are working to get ahead • Pay day lending and short term cash loans are specifically excluded	• Specialised in acquiring low risk loan portfolios from Australian banks • Strong relationships with financial institutions in Australia makes Pioneer a strong #2 in bank purchase sub-sector	• Cautious valuation models and customer, product, risk criteria have supported strong liquidation performance against expectations • Pioneer services only its own acquired portfolios, with an unwavering focus on appropriate customer outcomes	• Pioneer respectfully takes care of its customers, differentiating from others with its compliance record and +ve Net Promoter Score • Pioneer is focused on finding the right solution for the customer, whether by settlement or PAs • Dedicated hardship team in place to identify and support customers experiencing hardship • Legal action used sparingly (and currently suspended through pandemic) after all other options are exhausted

FY20 Operational and Financial Performance

Key FY20 Observations

COVID-19 response focused on preserving portfolio value and improving liquidations from older vintages

Pioneer PA portfolio continues to grow	• While liquidations softened over the course of the pandemic our PA portfolio grew from $290m (FY19) to $356m (FY20) and is now at $366m (Aug 20) ○ Demonstrates Pioneer's customer quality (majority Australian bank originated) ○ Customers are willing and able to service their obligations - to make payments and enter into PAs
Improving liquidations from older vintages	• Reduced PDP purchases during Apr to Jun 20 due to COVID-19 meant limited early day liquidations ○ The suspension of purchasing caused reduced liquidations of ~$2.3m over the last quarter of FY20 • Pioneer has continued to realise the value of its older vintages with increasing liquidations ○ Liquidations from accounts greater than two years old increased by 31% from Jul 19 to Jun 20
Earnings impacted by one-off events	• Significant one-off costs mostly caused by Carlyle related corporate activity, with some impact from COVID-19

Profit or Loss[1]

FY20 earnings were softer due to significant one-off costs and some impact from COVID-19

Profit or Loss ($'000)	FY19	FY20
Liquidations revenue	118,466	100,924
Other income	4,065	2,345
Total revenue	122,531	103,269
Expenses	(59,105)	(69,619)
EBITDA	**63,426**	**33,650**
PDP amortisation charge and impairment	(47,257)	(47,380)
Depreciation and amortisation	(2,937)	(1,829)
Amortisation of lease right of use asset (AASB 16)[3]	-	(2,516)
EBIT	**13,232**	**(18,075)**
Net interest expense	(6,635)	(25,758)
Net Profit/(Loss) before Tax	**6,597**	**(43,833)**
Tax (expense) benefit	(2,316)	3,749
Net Profit/(Loss) after Tax	4,281	(40,084)

Normalised EBITDA		**51,142**

- Significant one-off costs mostly caused by Carlyle related corporate activity have negatively impacted earnings
- With minimal purchasing in Q4 FY20 due to temporary vendor sale suspensions caused by COVID-19, Pioneer responded by focusing on older vintages
- While liquidations have slowed, Pioneer has continued to grow its PA portfolio, which supports revenue in future periods to $366m at Aug 20
  - Pioneer provided support to customers as required during 4Q FY20, with most of those deferring and lengthening payments
- Normalised EBITDA[2] of $51m, post adjusting for non-recurring items

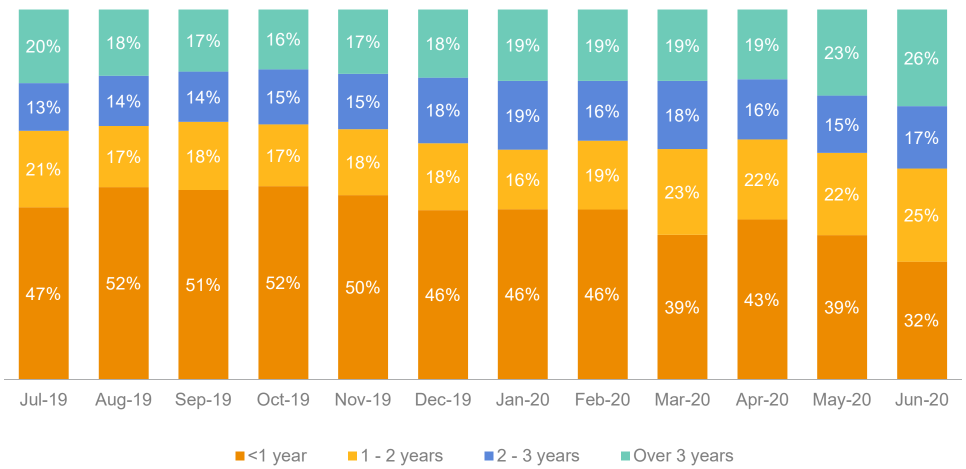
Notes:
1. Statutory Profit or Loss Statement presentation is included at Appendix to this presentation
2. Normalised EBITDA bridge is included at Appendix to this presentation
3. AASB16 adopted on 1 Jul 19, comparative not restated

Liquidations focused on the back book

With lower purchasing due to COVID-19, Pioneer has continued its focus on liquidating from older vintages, further demonstrating the quality of the underlying customers in its portfolio

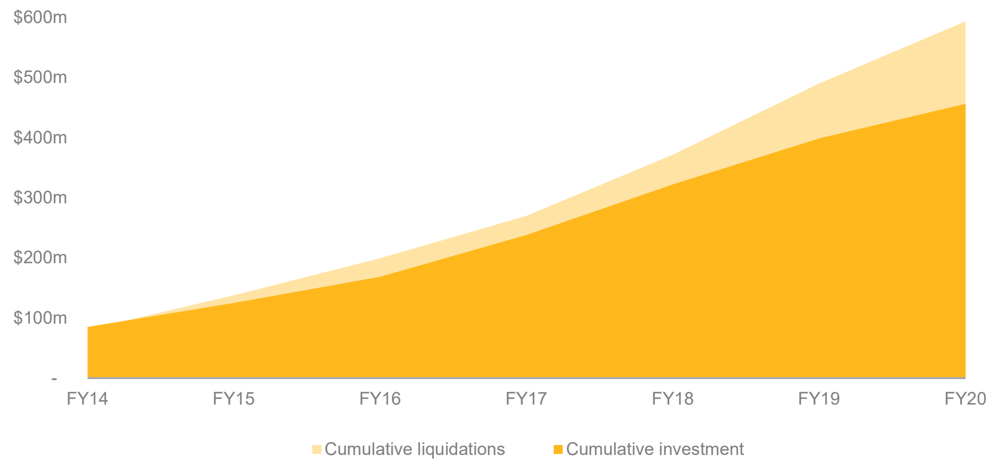
Liquidations of ~35% from accounts greater than two years old

Liquidations by vintage



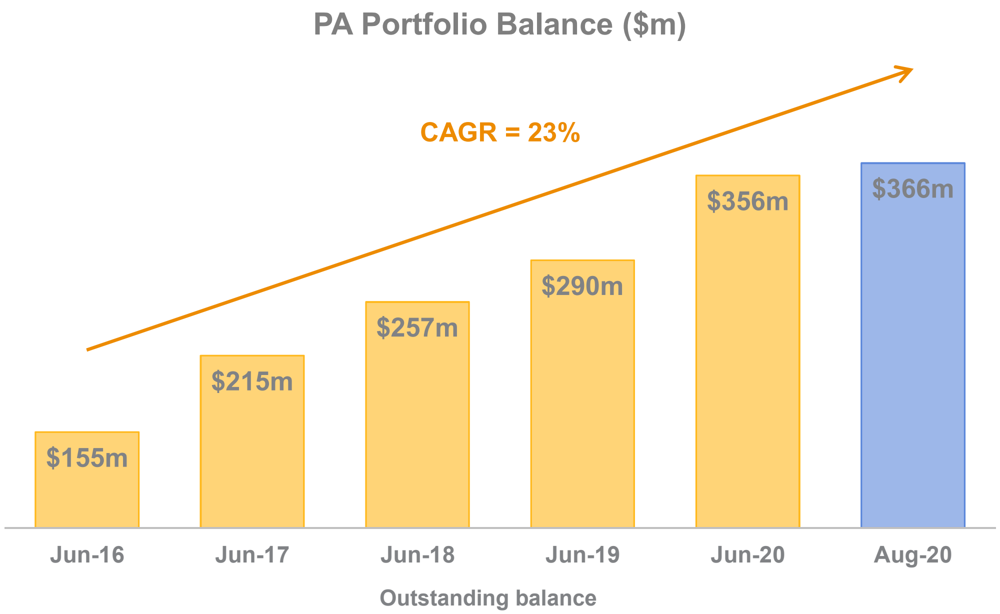
Discipline drives increased liquidations from older vintages

Cumulative liquidations vs. investments ($m)



Increased emphasis on Payment Arrangements

PA portfolio growth through COVID-19 is further testament to underlying customer quality



Key PA Portfolio Metrics	30 Jun 20	31 Aug 20
# Customers	27,597	29,637
% Active customers on a PA	12%	13%
Balance of Australian bank customers	94%	93%

Cash Flows

While liquidations were softer, reduced purchasing assisted with cash conservation

Cash Flows ($'000)	FY19	FY20
Cash flows from operating activities		
Liquidations and receivables	120,842	102,985
Trade and other payables	(55,271)	(50,704)
Net interest paid	(6,640)	(5,088)
Tax	(7,353)	4,601
Consumer loans (discontinued)	(4,492)	6,190
Cash flows from operating activities	47,086	57,984
Cash flows from investing activities		
Purchased debt portfolios	(76,643)	(60,225)
Plant, property and equipment/ Intangibles	(1,466)	(662)
Other	937	-
Cash flows from investing activities	(77,172)	(60,887)
Cash flows from financing activities		
Loan drawdown net of transaction costs	39,853	4,741
Lease under AASB16 (rent)[1]	-	(2,424)
Dividends paid net of DRP	(2,164)	-
Other	171	421
Cash flows from financing activities	37,860	2,738
Net cash flows	**7,774**	**(165)**
Closing cash and cash equivalents	**11,184**	**11,019**

- Reduced PDP investment during Q4 FY20 is a direct result of the suspension of vendor debt sales due to COVID-19
  - Recommenced in Jul 20 and Pioneer has renegotiated more favourable terms on a number of its PDP agreements
  - The Company has no onerous contracts for uneconomic purchasing commitments
- Most one-off costs in FY20 were caused by Carlyle related corporate activity
- Consumer Loan portfolio was sold for $5.3m, realising a loss of $2.3m
- Prepaid taxation was recovered from the ATO in the sum of $8.5m
- No dividends were paid during FY20

Notes:

1. AASB16 adopted on 1 Jul 19, comparative not restated

Balance Sheet

Impact to the balance sheet is mostly one-off costs caused by Carlyle related corporate activity

Balance Sheet ($'000)	FY19	FY20
Assets		
Cash and cash equivalents	11,184	11,019
Trade and other receivables	2,185	1,844
PDP assets at amortised cost	249,776	260,047
Consumer loan portfolio	8,210	-
Plant, property and equipment	4,054	1,070
Right of use asset[1]	-	7,440
Tax asset and deferred tax asset	5,616	3,395
Intangible assets	1,502	932
Other	1,482	1,182
Total Assets	**284,009**	**286,929**
Liabilities		
Trade and other Payables	4,356	2,849
Borrowings	169,871	206,292
Provisions	1,214	1,440
Lease liabilities[1]	-	8,290
Accruals and other liabilities	5,829	4,099
Total Liabilities	**181,270**	**222,970**
Net assets	**102,739**	**63,959**
Net assets per share[2]		**74.33**

- PDP Investment was $57.6m, below expectations due to suspended sale programmes through 4Q20 by major vendors
  - Most sale programmes recommenced in Jul 20
- PDP value of $260m is after a net impairment loss of $6.3m (or 2.4%)
  - Impairment mostly for uncertainties of the future impact of COVID-19
  - PDP value supported by the behaviour of customers from May to Aug 20 and their propensity to enter into PAs
- The increase in borrowings is largely attributable to Carlyle related corporate activity
- Carlyle facility was paid out on 23 Sep 20
- Other key changes in FY20 include the presentation of leases as a right of use asset with a corresponding liability in accordance with AASB 16

Notes:
1. AASB16 adopted on 1 Jul 19, comparative not restated
2. On fully diluted basis including warrants, options and rights (with conditions met) subject to shareholder approval

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Outlook

Our Culture

The Pioneer Principles are the foundation of our Company

Selfless Loyalty
Put your team and your company first without question.

Unlimited Accessibility
Being available when no one else is.

Technical Competence
Be consistent and relentless in exhibiting best practice and sharpening your skills. Always act with integrity.

Unwavering Passion
The fire inside you and the love for what you do and for your team needs to be visible to all around you.

Fearless Vision
Forward plan to carve the path to exceptional results. Don't be afraid to look outside the square and commit to what you see.

Clear Communication
Learn to connect with people in a way they can relate.

Experienced team to execute on strategy

Board of Directors

Michael Smith
Chairman

- Managing Director of strategic marketing consultancy firm Black House
- Chairman of 7-Eleven Stores and Starbucks Australia
- Previously Deputy Chair of Automotive Holdings Group Ltd, Chairman of the Lionel Samson Sadleirs Group, iiNet Ltd, Synergy, Verve, Perth International Film Festival, West Coast Eagles, Indian Pacific Ltd and Scotch College

Keith John
Managing Director

- Founder of Pioneer Credit
- Over 25 years' experience in the financial services, both in Australia and Asia
- Director of Midbridge Investments and Bondi Born

Andrea Hall
Non-Executive Director

- Over 20 years experience in governance and risk management, including as Risk Consulting Partner at KPMG
- Director of Fremantle Football Club, Evolution Mining Ltd and Parenti Group Ltd
- Previously Director of Automotive Holdings Group Ltd, Lotterywest & Tap Oil Ltd
- Chartered Accountant, BComm, Masters of Applied Finance

Ann Robinson
Non-Executive Director

- 5 years at Wesfarmers, most recently Executive Director at Wesfarmers Chemicals Energy & Fertilisers
- Extensive experience in management consulting, M&A, post merger integration and innovation
- Director of Lionel Samson Sadleirs Group and member of Rottnest Island Authority Board and Curtin University Audit, Risk and Compliance Committee
- Bachelor of Arts, Bachelor of Psychology, GradDip Applied Finance & Investment, GAICD

Executive Leadership

Sue Symmons
General Counsel & Company Secretary

- Appointed General Counsel and Company Secretary on 1 Oct 15
- Over 25 years experience including at Evans & Tate Ltd, Automotive Holdings Group Ltd, Helloworld Ltd and Heytesbury Pty Ltd
- BComm, Master of Business Law, Member of the Governance Institute of Australia and Australian Institute of Company Directors

Barry Hartnett
Chief Development Officer

- Over 7 years experience at Pioneer across finance and strategy & development
- Bachelor of Finance, Accounting and Economics
- Member of the Chartered Institute of Management Accountants

Jason Musca
Chief Financial Officer

- Over 20 years experience across Australia and the United Kingdom, primarily in financial services
- 8 years with Bankwest as Divisional CFO of Retail and Business Banks
- Other roles include Financial Services Consultant for Versant Partners (London & Perth) and Transaction Services & Advisory Manager for PwC
- Chartered Accountant, BComm (Accounting & Finance)

Andrea Hoskins
Chief Operating Officer

- Strategic and commercial leader with over 15 years' experience, predominantly in financial services.
- 10 years with HBF in senior management and executive roles, leading strategy, M&A, health and corporate services
- Non-Executive Director of Football West and Screenwest
- BComm (Marketing & PR); Member of Australian Institute of Company Directors

Outlook (1/2)

Pioneer is well positioned to benefit from current market trends in a growing, oligopolistic industry

PDP sales have recommenced, on improved terms for Pioneer

- Industry fundamentals remain strong with PDP volumes expected to grow as Australia exits the pandemic
- Well funded and compliant sector participants will benefit from strong supply at likely more attractive levels (with lower competition from scrutinised players)
- One new vendor has contracted with Pioneer, choosing us because of our reputation as customer focussed and fair

A highly regulated industry likely to face increased scrutiny

- The receivables management industry is highly regulated
- Competitors are being investigated or prosecuted for their non-compliant practices and Pioneer expects more stringent enforcement and regulatory oversight
- Pioneer's market-leading compliance record, and longstanding relationship with banks provide a strong competitive advantage

Resilience of Pioneer's portfolio to weather macroeconomic backdrop

- Pioneer's portfolio is made up of product segments where customers are working to get ahead
- Pay day lending and short term cash loans are specifically excluded from Pioneer's portfolio

Pioneer has taken significant steps to organise its business for a 'new normal'

- Increased investment in compliance, customer treatment strategies and internal audit function
- Intention to appoint up to two new Non Executive Directors to broaden the Board's capacity and experience
- Increased investment in data management and analytics to continue to drive liquidations performance
- Rationalisation of support, corporate and back office staff and of operational leadership roles, acceleration of efficiency and cost out programmes

Outlook (2/2)

Free cash flow and the purchasing facility will fund growth while more favorable refinancing terms are sought

Continue to utilise free cash flow to invest in PDPs, with purchasing facility available for any ‘out of sight’ opportunities

- Normalised EBITDA of $51m in FY20, expected to increase in FY21
- The Company has $33.5m in FY21 contracted PDPs, with ample opportunity to significantly increase its PDP investment
- Focus remains on Australian bank originated customer portfolios
- Abundant opportunities available though treading with caution over the near term

Pioneer will continue to assess refinance options

- Opportunity to refinance at more favorable cost as economic environment normalises
- Interest already shown by parties, which the Company will explore in the coming months

Regular updates through FY21 to shareholders on business performance as economic clarity emerges

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Appendix

Statutory Profit or Loss Statement (ref slide 13)

Continuing operations $'000	FY19	FY20
Interest income at amortised cost	58,072	60,122
Net impairment gain (loss) on PDPs	14,168	(6,320)
Other revenue	3,072	2,133
	75,312	55,935
Employee expenses	(39,916)	(34,816)
Finance expenses	(8,422)	(38,472)
Information technology and communications	(4,235)	(4,251)
Direct liquidation expenses	(3,515)	(4,057)
Office facility outgoings expenses	(3,340)	(1,348)
Depreciation and amortisation	(2,937)	(4,345)
Other expenses	(2,578)	(2,281)
Professional expenses	(2,114)	(6,322)
Impairment of tangible and intangible assets	(855)	(405)
Travel and entertainment	(650)	(526)
Fair value write down and impairment losses on financial assets	(153)	(682)
Loss on sale Consumer loans	-	(2,263)
	(68,715)	(99,768)
Profit / (Loss) before income tax	6,597	(43,833)
Income tax (expense) benefit	(2,316)	3,749
Profit / (Loss) for the period from continuing operations	4,281	(40,084)
Total comprehensive income / (loss)	**4,281**	**(40,084)**

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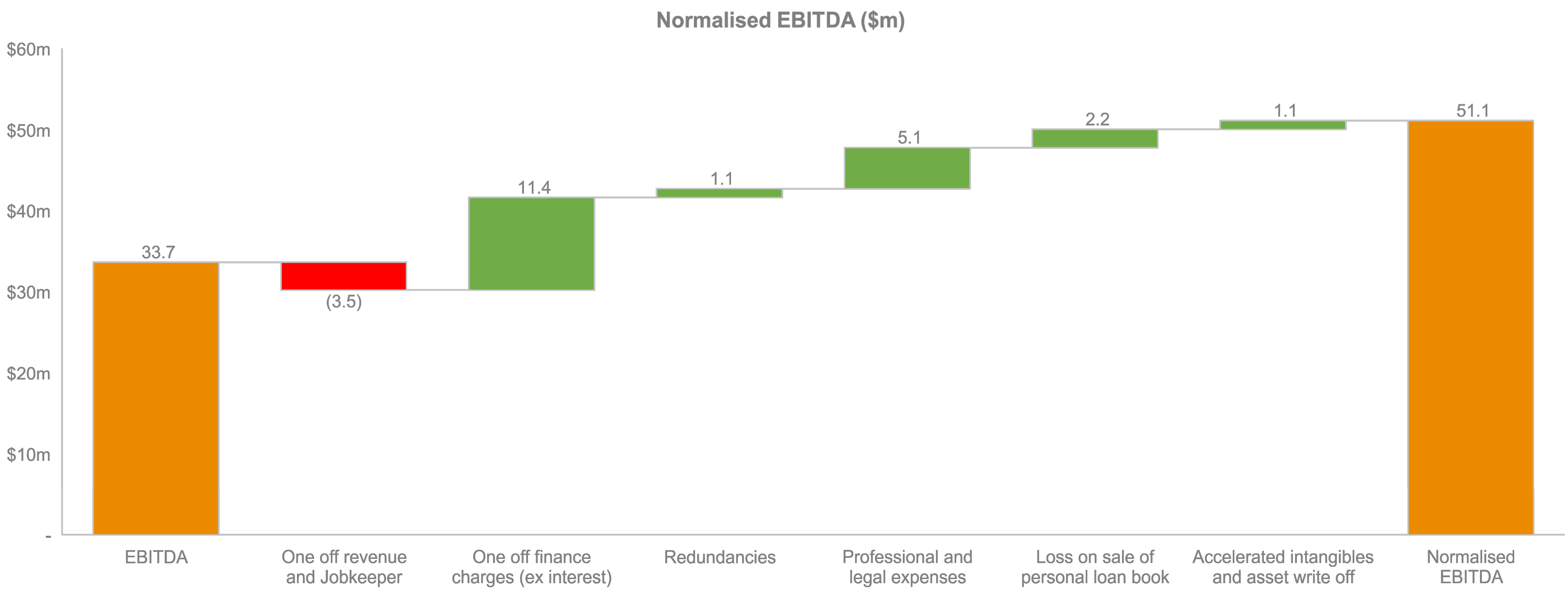
Normalised EBITDA (ref slide 13)



Definitions

AASB – Australian Accounting Standards Board

ATO – Australian Taxation Office

BBSY – Bank Bill Swap Bid Rate

Carlyle – Robin Bidco Pty Ltd and/or Robin Holdco Holdings Limited and/or Project Robin, L.P., all entities part of the group of entities doing business as 'The Carlyle Group'

COO – Chief Operating Officer

EBIT – Earnings before interest and taxation

EBITDA – Earnings before interest, taxation, depreciation and amortisation

EIP – Equity incentive plan (as approved by shareholders on 27 Oct 17)

KMP – Executive key management personnel, excluding non-executive Directors

LVR – Loan book value ratio

MD – Managing Director

MTN – Medium term note

Normalised EBITDA – EBITDA excluding non-recurring revenue and expenses

PA – Payment arrangement, where a customer agrees to make payments at an agreed repayment amount

PDP – Purchased Debt Portfolio

The Company – Pioneer Credit Limited

VWAP – Volume weighted average (share) price