

28 February 2022

PRIMED FOR GROWTH

1H22 Financial Results

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.

Our Culture – ‘Pioneer Principles’

3



Selfless Loyalty

Put your team and company first without question



Unlimited Accessibility

Be available when no one else is



Technical Competence

Be relentless in exhibiting best practice. Always act with integrity



Unwavering Passion

The fire inside you, and the love for what you, do must be visible to all



Fearless Vision

Don't be afraid to look outside the square and commit to what you see



Clear Communication

Connect with people in a way they can relate

Differentiated by providing high-quality, flexible financial solutions that genuinely benefit customers

Resilient Portfolio

- Data-driven portfolio selection and performance
- Focused on product segments where customers are working to get ahead
- Only market participant that does not purchase pay day lending

Strong Vendor Relationships

- Specialised in acquiring low risk portfolios from Australian and international banks
- Maintain strong relationships with Australian financial institutions, and strong #2 market position

Disciplined Portfolio Investment

- Pioneer's purchasing is focussed on higher quality 'Tier 1' portfolios
- Disciplined underwriting and risk assessment ensures liquidation performance to expectations

We do right

- Pioneer respectfully takes care of its customers, focusing on appropriate customer outcomes
- Differentiated by customer experience and compliance record
- Dedicated team to identify and support customers experiencing hardship
- Legal action used sparingly and only after all other options are exhausted

SECTION 1

Performance

PERFORMANCE | PIONEER PORTFOLIO | OUTLOOK

1H22 Performance Summary

6

9% increase in half on half liquidations, increased PDP Investment, and significant upside to follow

Liquidations

\$48.6m

2H21: \$44.7m

PDP Investment

\$23.7m

2H21: \$14.2m

Cash & Undrawn

\$39.6m

2H21: \$30.4m

EBITDA¹

\$25.1m

2H21: \$27.1m

Net Assets / Equity¹

\$58.0m

2H21: \$54.7m

Net Assets / Share²

71.14c

Note:

1. Excludes the non-cash amortisation charge of the portfolio
2. Includes Deferred Tax Asset of \$22.1m not yet recognised, expected to be at 30 June 2022

A turnaround half - Pioneer is primed for growth



New debt facility at materially lower cost

- \$200m senior finance facility exp Nov-25
- Medium Term Notes increased to \$59.5m exp Nov-26
- \$5.4m equity raise at 60 cps, supported by Nomura, James Simpson and MD Keith John



9% Increase in half on half liquidations

- Uplift driven by sustained improved liquidation from aged part of the portfolio
- \$1.5bn inventory portfolio, cautiously valued at \$252m, underpins real opportunity



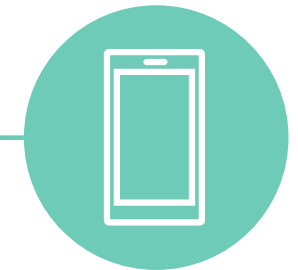
Performing Arrangements exceed \$400m

- Sustainable and growing recurring income stream
- Historical low default rates
- Risk spread across ~34.9k consumers
- Expected liquidations contribution in CY22 of \$58m from the PA book



On track for B Corp certification

- Formal application submitted
- Certification will validate our ESG credentials
- Opens door to new opportunities, and cheaper future funding



Digital strategy and transformation

- Appointed first Chief Information Officer in Nov-21
- Focus on digital strategy to improve customer experience
- Programme is pushing down customer Cost to Service, and opening margins. To be realised over the next 3 financial years

1H22 Liquidations of \$48.6m, up 9% half on half

Profit or Loss (\$'000)	2H21	1H22
Liquidations revenue	44,684	48,551
Other income	2,749	296
Total revenue	47,433	48,847
Expenses	(20,372)	(23,761)
EBITDA	27,061	25,086
PDP amortisation charge and impairment	(18,188)	(20,530)
Depreciation and amortisation	(668)	(848)
Amortisation of lease right of use asset (AASB 16)	(1,252)	(1,264)
EBIT	6,953	2,444
Net interest expense	(16,040)	(25,251)
Net Profit/(Loss) before Tax	(9,087)	(22,807)
Tax (expense) benefit	(3,354)	(53)
NPAT	(11,255)	(22,860)

- Liquidation Up 9% half of half. A significant increase driven from
 - Continued improved liquidations from older vintages
- Increased PDP amortisation charge ahead of time, brings in line with FY forecast
 - Includes additional negative overlay for current environment of \$5.8m
 - Total negative overlays to PDP carrying value now \$13.5m
 - Negative overlays expected to unwind with easing of the current environment
- With increased opportunities, focus in the half was on growing operational capacity
 - 17% increase in employee expenses drive by 15% increase in FTE
 - FTE growth ahead of expected increase in PDP investment in 2H22
- Significant, and final, one-off expenses totalling \$11.8m, after Nov 21 refinance
- Go forward 'like for like' interest saving from new financing of \$4m per half, repeating

Cautious PDP value, and clean Balance Sheet, with significant capacity, primed for growth

Balance Sheet (\$'000)	1H22
Assets	
Cash and cash equivalents	7,600
Trade and other receivables	1,511
PDP assets at amortised cost	252,267
Plant, property and equipment	240
Right of use asset	3,666
Intangible assets	1,248
Other	3,315
Total Assets	269,847
Liabilities	
Trade and other Payables	5,833
Borrowings	219,359
Provisions	3,684
Lease liabilities	5,112
Total Liabilities	233,988
Net assets	35,859

- PDP carrying value of \$252m, up from \$249m (just 1%) on \$9.5m increase in investment
 - Includes additional negative overlay for current environment of \$5.8m
 - Total negative overlays to PDP carrying value now \$13.5m
 - Negative overlays expected to unwind with easing of the current environment
 - Cautious with \$400m PA portfolio, a sustainable, growing, recurring income stream
 - Expected liquidation contribution in CY22 of \$58m from the PA book
 - Total Portfolio outstanding balance of \$1.9bn with ~\$1.5bn (outstanding balance)
- Significant cash and funding for additional opportunities available
 - \$7.6m Cash at Bank
 - \$35m EBITDA forecast for 2H22, will fund all forecast PDP investment
 - \$32m funding capacity, expected to remain undrawn, available for extra growth

\$57,959 with DTA
expected at 30 Jun-22

SECTION 2

Pioneer Portfolio

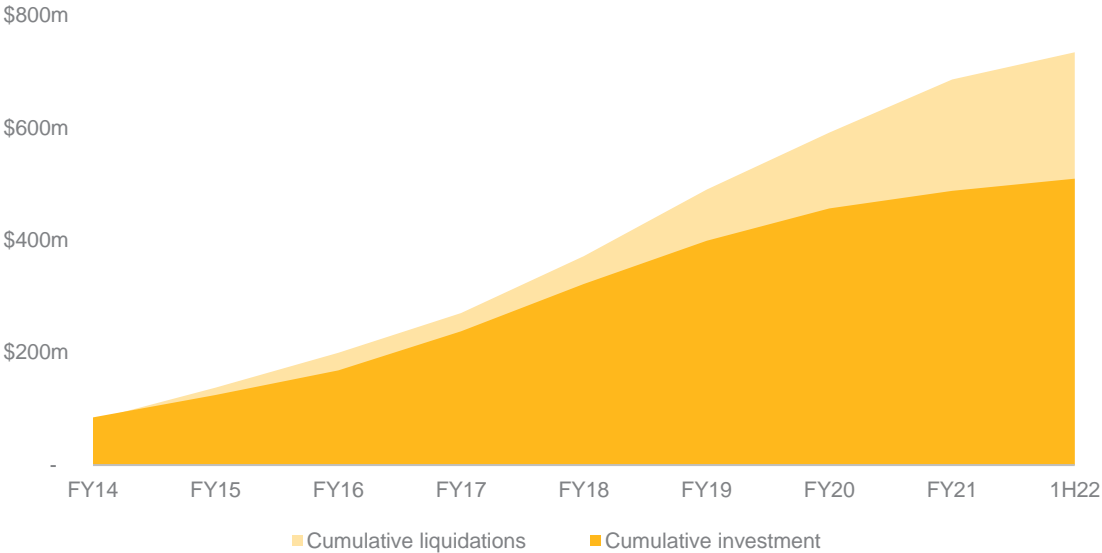
PERFORMANCE | **PIONEER PORTFOLIO** | OUTLOOK

Resilient Portfolio: Increasing cash beyond investment

Continued increase in delta between cumulative liquidations and investments evidences investment discipline and operational performance; expected to continue to open further

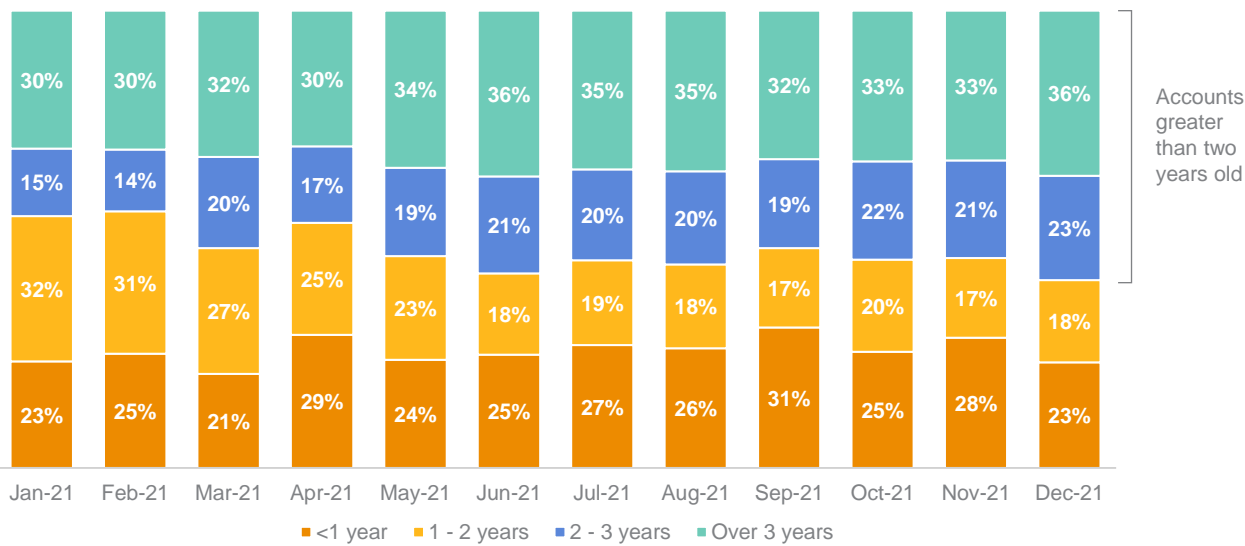
Strong returns beyond investment

CUMULATIVE LIQUIDATIONS VS. CUMULATIVE INVESTMENTS (\$m)



55% of liquidations in 1H22 from accounts greater than two years old

CUSTOMER PAYMENTS BY VINTAGE



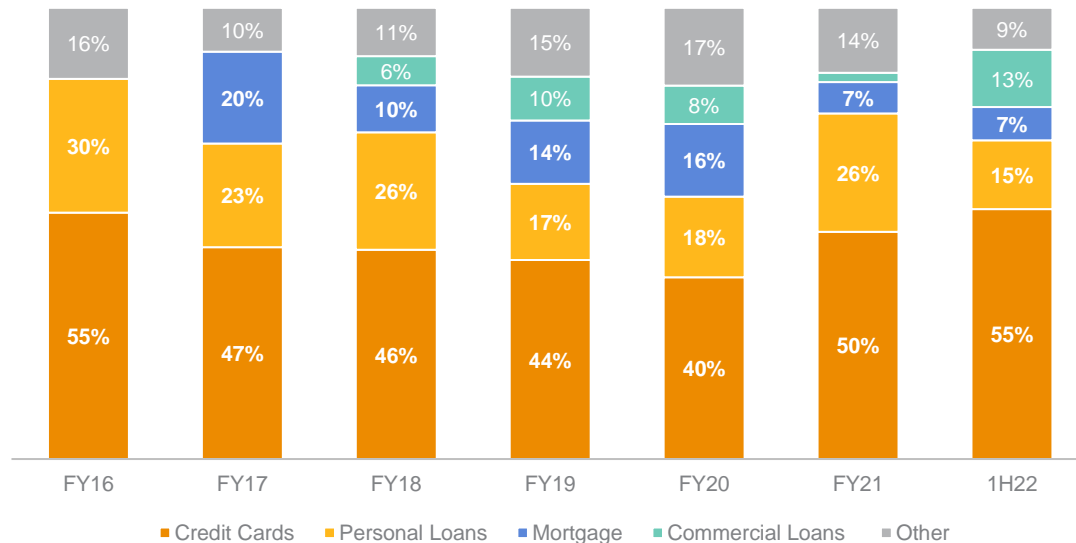
PDP Acquisition: Maintained disciplined approach

12

On track to for PDP investment guidance of >\$41m, with 97% currently contracted, and risk to upside. PDP investment expected drive growth and profitability

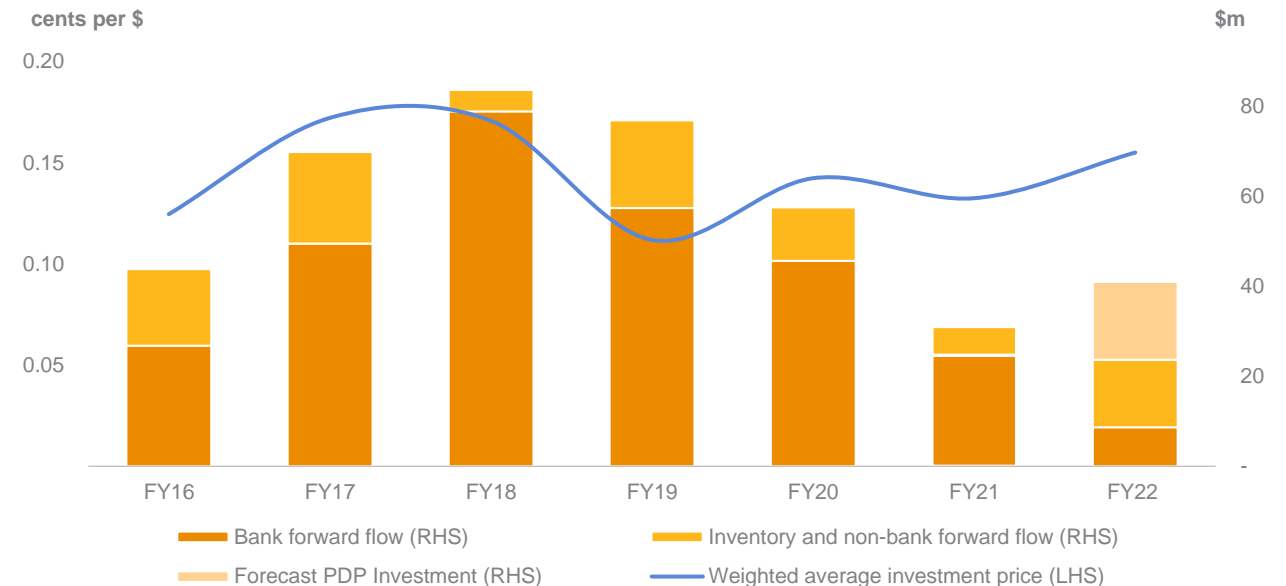
Focus remains on key Tier 1 banking & finance products

PDP INVESTMENT MIX



Disciplined purchasing at attractive pricing points through 1H22

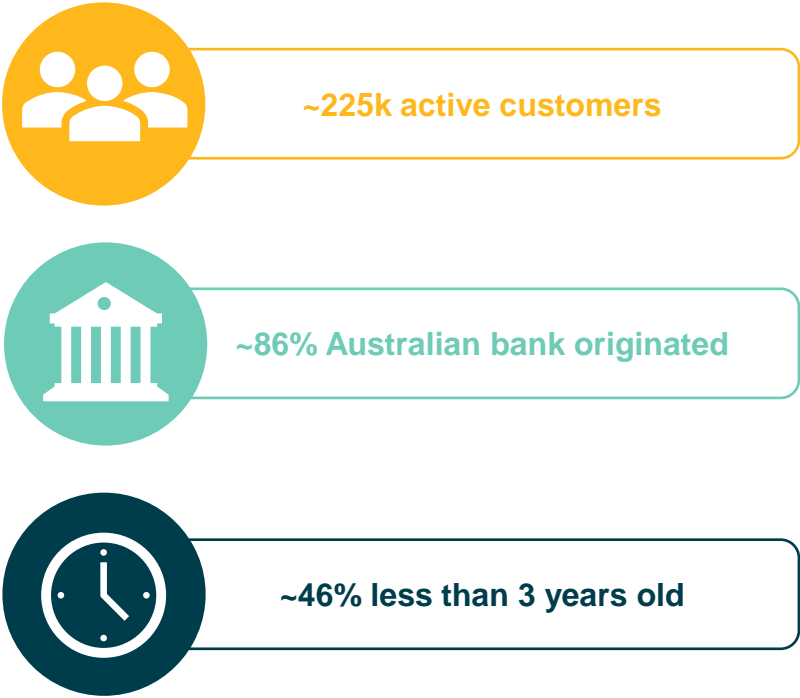
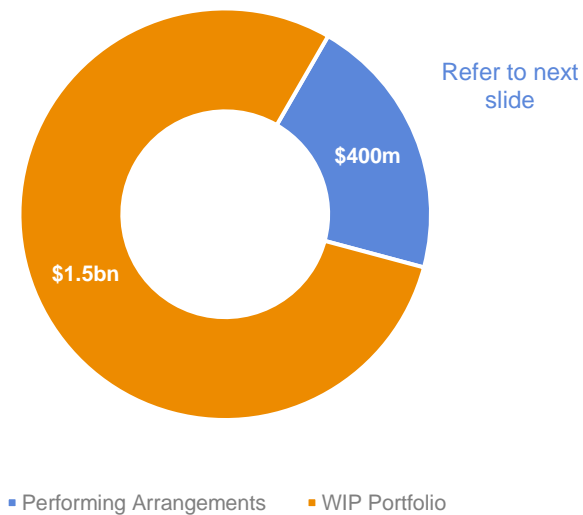
PDP INVESTMENT AND AVERAGE INVESTMENT PRICE



Total Portfolio Opportunity

PDP inventory/opportunity of \$1.9bn, quality sourced from Australian banks; significant opportunity to deepen returns

Strong portfolio with ~\$1.9bn opportunity	WIP Opportunity of ~\$1.5bn
WIP PORTFOLIO & PERFORMING ARRANGEMENTS	PIONEER WIP PORTFOLIO



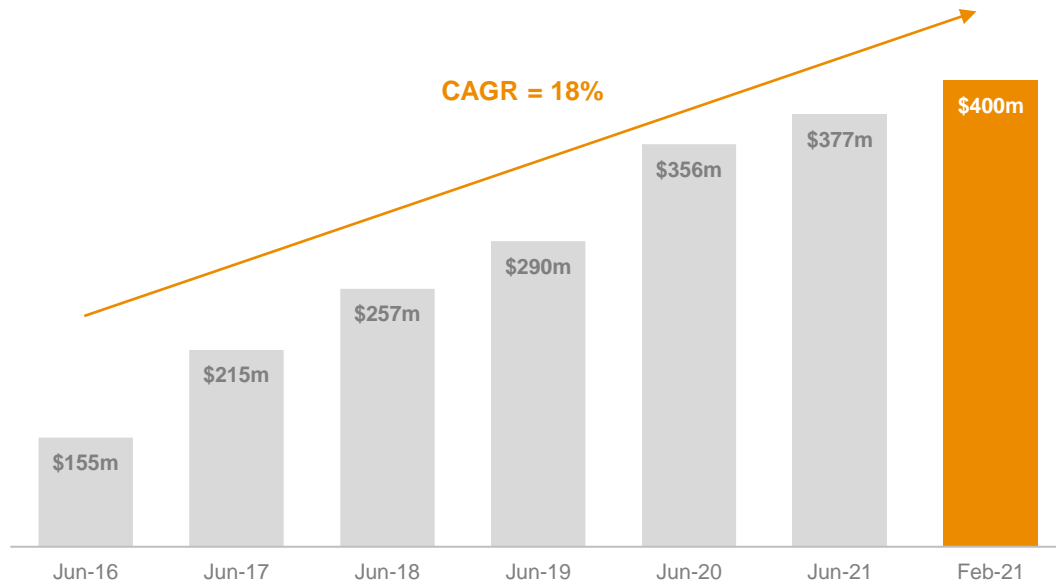
Notes:
1. Active portfolio taken as at 23-Feb-22

Performing Arrangements Portfolio

14

Performing Arrangement has grown 6% in FY22, to surpass \$400m. A sustainable and growing recurring income stream

PERFORMING ARRANGEMENTS PORTFOLIO BALANCE (\$m)



PERFORMING ARRANGEMENTS PORTFOLIO OVERVIEW



34.9k performing customers



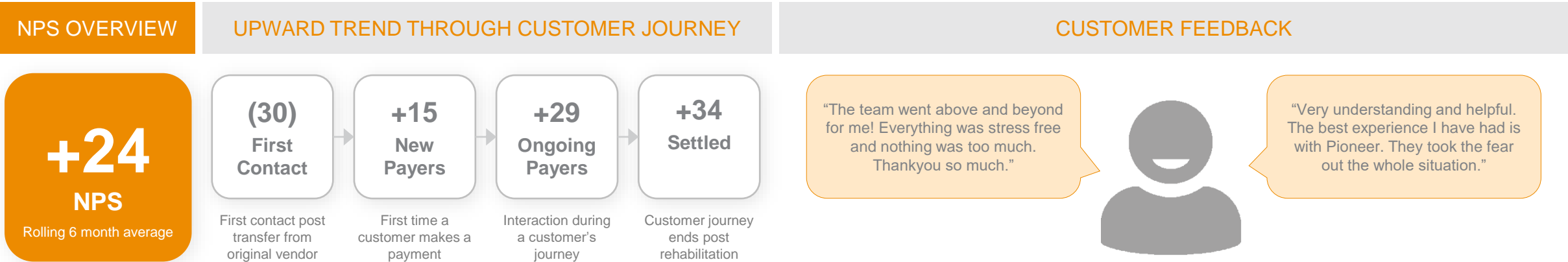
~16% total portfolio



~91% Australian bank originated

Customer Experience: do the right thing

Exceptional NPS¹ driven by focusing on the best possible customer experience, validating Pioneer’s differentiated approach



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

SECTION 3

Outlook

PERFORMANCE | PIONEER PORTFOLIO | **OUTLOOK**

Executing our strategy: Outlook for 2H22

17

Well positioned to benefit from improving market conditions, with a multi-pronged strategy delivering on profitability and value generation



Capitalise on PDP investment opportunities

- Industry fundamentals are strong, with PDP volumes expected to grow in 2H22 and beyond
- 97% of PDP Investment guidance for FY22 completed or contracted
- PDP investment risk to upside, to be funded by free cash¹
- Additional \$32m of funding capacity for any “out of sight” opportunities



Focus on appropriate vendor and product depth

- Continue to focus on portfolios that include customers who are working to get ahead
- Key focus remains on Australian bank originated customers
- Alternative vendors and products continue to be explored
- Payday lending excluded



Grow Performing Arrangement portfolio

- Continue to grow the PA portfolio
- Provides ‘walk-up’ revenue start every day – with ~50% of liquidations from PAs
- Strong resilience of PA portfolio has been crucial to weathering the wider macroeconomic backdrop



Thrive under increased regulatory scrutiny

- Maintain a strong risk and compliance framework to thrive with increasing regulation
- Continue investment across compliance, customer treatment and internal audit
- Pioneer’s strong compliance record is a competitive advantage




Realise operating leverage

- Continue investment in data management, analytics and decisioning to further improve operational leverage and drive increased liquidations
- Cost out opportunities now alive, and being realised (inc. leases, data storage, IT&T)

Note:

1. Free Cash Flow is EBITDA less interest, and before any PDP investment.

Pioneer reaffirms FY22 Guidance on strong 1H22 liquidations and PDP investment contracted to 97%

	1H22	FY22 Guidance
 Liquidations	\$48.6m	> \$105m
 PDP Investment	\$23.7m	> \$41m
 EBITDA	\$25.1m	> \$59m
 NPAT	(\$22.9m)	> \$1.5m

Appendix

1H22 Statutory Profit or Loss

20

Continuing operations (\$'000)	2H21	1H22
Interest income at amortised cost	28,049	30,743
Net impairment (loss) gain on PDPs	(1,552)	(2,670)
Other income	491	287
	26,988	28,360
Employee expenses	(15,025)	(16,854)
Finance expenses	(16,680)	(26,488)
Direct liquidation expenses	(866)	(1,150)
Information technology and communications	(1,832)	(1,934)
Depreciation and amortisation	(1,919)	(1,826)
Consultancy and professional fees	(659)	(1,340)
Other expenses	(1,381)	(1,582)
Fair value adjustments on financial assets	2,288	7
Total Expenses	(36,074)	(51,167)
(Loss) / Profit before income tax	(9,087)	(22,807)
Income tax (expense)/benefit	(2,168)	(53)
Total comprehensive (loss) / income	(11,255)	(22,860)

- Interest income increase of 10% half on half
- Increased PDP amortisation charge ahead of time, brings in line with FY forecast
 - Also includes an increase in negative overlays of \$5.8m
 - Total negative overlays to carry value now \$13.5m
 - Negative overlays expected to unwind with easing of the current environment
- With increased opportunities, focus in the half was on growing operational capacity
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- Significant, and final, one-off expenses totalling \$11.8m, after Nov 21 refinance
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Strong cash generation recycled in quality PDPs

Cash Flows (\$'000)	2H21	1H22
Cash flows from operating activities		
Liquidations and receivables	43,976	48,890
Trade and other payables	(20,764)	(23,859)
Net interest paid	(8,910)	(15,872)
Restricted cash payments	2,418	-
Cash flows from operating activities	16,720	9,159
Cash flows from investing activities	-	
Purchased debt portfolios	(14,745)	(22,111)
Plant, property and equipment/ Intangibles	1,337	(96)
Cash flows from investing activities	(13,408)	(22,207)
Cash flows from financing activities	-	
Net proceeds on borrowings (inc. transaction costs)	114	12,973
Lease under AASB16 (rent)	(1,229)	(1,428)
Other	-	(1,270)
Cash flows from financing activities	(1,115)	10,275
Net cash flows	2,197	(2,773)
Closing cash and cash equivalents	10,373	7,600

- Cash flow up 11% half on half driven by strong liquidations up 9% half on half
- Payables up mostly across wages, as we invested ahead of time in capacity for growth
- \$23.7m PDP Investment for the half - \$22.1m cash settled
- \$16m PDP investment contracted for 2H22
- PDP Investment guidance of >\$41m reaffirmed, to be cash funded, with upside risk

Experienced team to execute on strategy

22

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 Saddleirs Group, iiNet Ltd, Synergy, Verve, Perth International Film Festival, West Coast Eagles, Indian Pacific Ltd and Scotch College



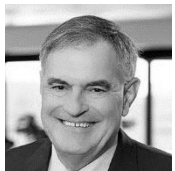
Andrea Hall - *Non-Executive Director*

- 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 Perenti Group Ltd
- Previously Director of Automotive Holdings Group Ltd, Lotterywest & Tap Oil Ltd
- Chartered Accountant, BComm, Masters of Applied Finance



Peter Hall - *Non-Executive Director*

- Significant experience across financial services, with specific expertise in credit risk
- Non-Executive Director of BNK Banking Corporation Ltd
- Previous Managing Director and later Country Executive at Genworth Financial Australia and New Zealand, Managing Director and CEO at GE Mortgage Insurance Australia & New Zealand



Steve Targett - *Non-Executive Director*

- Significant board and executive experience across financial services
- Chairman of P&N Bank and KVB Global Markets, Director of KVB Wealth Management and KVB Interactive
- Previously Chairman of BCU, CEO at RACQ (QT Mutual Bank), Group Managing Director (Institutional) at ANZ, Group Director (Wholesale and International) at Lloyds TSB and CEO at NAB Europe



Michelle d'Almeida - *Non-Executive Director*

- Significant digital transformation and consumer market experience
- Non-Executive Director of Perth Airport and ACTIV Foundation
- Previously Managing Director of New Corp. Australia

Executive Leadership



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 Pty Ltd and Bondi Born



Sue Symmons - *General Counsel & Company Secretary*

- 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 Financial Officer*

- Over 7 years' experience at Pioneer across finance and strategy & development
- Bachelor of Finance, Accounting and Economics
- Member of the Chartered Accountants Australia & New Zealand



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



Joe Terribile - *Chief Information Officer*

- Bachelor of Business (Information Systems) from Edith Cowan University
- Over 20 years of broad IT experience, most recently as GM of IT for large Australian Oil & Gas company

Thank you