

ASX release

30 August 2024

Balance Sheet Reset: Positioned for Sustained Profitability

Pioneer Credit Limited (**'Pioneer'** or the **'Company'**) is pleased to announce its FY24 results, highlighted by a 9% increase in Cash Collections to \$145.0m¹ compared with FY23. The Company delivered normalised profit in line with expectations, following the successful refinancing of its senior debt late in the period.

Managing Director Keith John commented, *"Cash collections reached a record level in FY24, driven by our targeted investment strategy and consistent operational execution. A key milestone was the refinancing of our senior debt in June 2024, which significantly reduces our funding costs from FY25 onwards, enabling the business to achieve sustainable profitability."*

"With our balance sheet now reset, Pioneer is well-positioned to generate shareholder value in an economic climate that favours our business model."

FY24 Key Financial Results

- **Cash Collections: \$145.0m¹ up 9% on FY23**
- **EBITDA: \$99.5m² up 16% on FY23**
- **EBIT: \$35.3m³ up 13% on FY23**
- **NPAT: \$1.2m² up over 100% on FY23**

During the period, the Board took a precautionary impairment of \$17.8m to shield the Company against potential economic deterioration, given elevated interest rates and inflation. Additionally, \$21.4m of deferred tax assets were recognised (with an additional \$14.6m to be recognised in future periods), with the Board determining in line with the Company's 3-year forecasts that *"there is now convincing evidence of sufficient future taxable profits in the forecast period to utilise the recognised DTA."*

¹ Cash Collections includes payments classified as Other Income

² Normalised for non-recurring refinancing and other expenses (comparative % is too statutory)

³ Normalised for non-recurring refinancing and other expenses and non-cash precautionary impairment (comparative % is too statutory)

Outlook and Strategic Positioning

The outlook for Pioneer has never been brighter. The Company's increased scale has helped drive down its Cost to Service² to 33% in the period, below the lower end of its guided range of 35%-37%, though we continue to guide to that range for the current period. The competitive landscape has also shifted with several competitors exiting the Australian market, some selling assets to Pioneer. This reduction in competition, along with the return of debt sellers to the market, has allowed Pioneer to invest \$93.7m in high-quality portfolios at attractive prices in FY24.

Pioneer's unique position as the only significant sector participant that does not extend further credit to customers (in competition with vendor partners) has also supported our investment in FY24.

Following the Board's precautionary impairment, Estimated Remaining Collections ('ERC'), now stand at \$641.7m, with the PDP asset carried on balance sheet at \$322.9m.

With a reset balance sheet, the Board's confidence in Pioneer's outlook for FY25 and beyond is evident in the recognition of deferred tax assets in FY24. The Company's scale now enables Pioneer to present operational metrics (for the first time) in line with our northern hemisphere counterparts, particularly our performance on a money multiple basis. Other information of note is also included in our FY24 presentation accompanying this release. This transparency underscores our leadership in the Australian PDP sector. We are committed to providing greater disclosure to investors with each passing period.

Reflecting on last year's FY23 results announcement we stated, *"Pioneer believes it is in an environment of significant tailwinds."* and *"With macro-economic pressure driving supply, balanced against decreased funding costs, a fully employed population's strong capacity to service its financial commitments, less competition for portfolios and a vendor preference towards Pioneer, the Company expects profitability to grow materially in the future."*

We are pleased to confirm that we are delivering on those expectations.

Keith John concluded, *"It's an exciting time to be at Pioneer and to be a shareholder. We have navigated an extraordinary period, and now, with our commitment, work ethic, and resilience, we are poised to drive significant gains for our shareholders."*

Authorised by the Board of Directors of Pioneer Credit Limited.

Investor and media enquiries:

Keith John
Managing Director
Pioneer Credit Limited
M: 0438 877 767

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 respectfully support customers to achieve 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. For more details visit www.pioneercredit.com.au