

31 August 2021

FY21 Results

INVESTOR PRESENTATION



Important notice: Disclaimer

This presentation has been prepared by Pioneer Credit Limited (“**Pioneer**” or the “**Company**”).

Disclaimer: This presentation contains information about Pioneer’s activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. This information is provided in summary form and is not considered to be comprehensive or complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

Any forward-looking statements included in this presentation speak only as at the date of the presentation and undue reliance should not be placed upon such statements. Although Pioneer believes the forward looking statements to be reasonable, they are not certain. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statement whether as a result of new information, future events or results or otherwise is disclaimed.

Subject to applicable disclosure requirements Pioneer is under no obligation to update any of the forward-looking statements contained in this presentation.

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

Performance Summary FY21

3

Strong liquidations and good operating cost management driving impressive free cash flow



Liquidations

\$94.7m

FY20: \$100.9m



PDP Investment

\$31.0m

FY20: \$57.7m



EBITDA

\$54.4m

FY20: \$33.7m



Cash & Undrawn
Facilities

\$30.4m



Net Assets / Equity¹

\$71.5m



Net Assets per Share^{1,2}

90.4c

Note:

1. Includes Deferred Tax Asset of \$16.9m not yet recognised, expected to be in FY22 upon refinancing
2. 79,149,075 shares including all warrants to be converted to shares

Pioneer is differentiated by its approach of providing high-quality, flexible and customised financial solutions to help customers reach their financial goals

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 position in bank PDP sub-sector

Disciplined PDP Acquisition

- Pioneer's purchasing is focussed on higher quality 'Tier 1' portfolios
- Disciplined underwriting and risk assessment underpin reasonable forecasts

We do the right thing

- 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 (suspended through pandemic) and only after all other options are exhausted

Pioneer's four key pillars drive the best possible customer experience

Solution Focused

- ✓ Pioneer takes a long-term view and focuses on finding the right solution for each customer, whether by settlement or payment arrangement
- ✓ Give customers the tools, options and information they need to reduce their debt for good, not increase it. Success for Pioneer is when a customer stops being a customer

Empathetic

- ✓ Underpinned by our customer-centric culture and Pioneer Principles, we treat customers with empathy and respect. Our role isn't to judge, blame or penalise; it's to listen and understand
- ✓ Pioneer has a dedicated hardship team in place to identify and support customers experiencing hardship

Fair

- ✓ Pioneer takes a flexible and tailored approach to help customers pay their account at a pace that suits them. Cooperation from customers is valued highly and rewarded with adaptable, reasonable solutions
- ✓ Pioneer respectfully care for our customers

Transparent

- ✓ We earn the respect and trust of customers through continued transparency and honesty
- ✓ Pioneer has a very strong and enviable compliance record

EBITDA of \$54.4m, increasing by \$20.7m from FY20

Profit or Loss (\$'000)	FY20	FY21
Liquidations revenue	100,924	94,717
Other income	2,345	2,920
Total revenue	103,269	97,637
Expenses	(69,619)	(43,267)
EBITDA	33,650	54,370
PDP amortisation charge and impairment	(47,380)	(41,984)
Depreciation and amortisation	(1,829)	(1,273)
Amortisation of lease right of use asset (AASB 16)	(2,516)	(2,511)
EBIT	(18,075)	8,602
Net interest expense	(25,758)	(25,496)
Net Profit/(Loss) before Tax	(43,833)	(16,894)
Tax (expense) benefit	3,749	(2,761)
NPAT	(40,084)	(19,655)

- Strong liquidations of \$94.7m driven by:
 - Back book PDP inventory of ~\$1.9bn (outstanding balance)
 - Improved liquidations from older vintages
 - Strong service orientation, notwithstanding cautious customer treatment through COVID-19 impacted period, softening short term liquidations
- EBITDA of \$54.4m up 62% on prior year
- Expenses include \$6.5m non-cash amounts of:
 - \$3.7m in non-cash share based payments
 - De-recognition of Deferred Tax Asset ('DTA') of \$2.8m
 - DTA of \$16.9m expected to be recognised on refinancing
- Significant reductions in expenses with run rate savings extracted from Oct 20
 - One-off costs from terminated scheme of arrangement finished
 - Finance costs remain high, will normalise on refinancing in 1H22

Maintenance of PDP value and Balance Sheet positioned for growth

Balance Sheet (\$'000)	FY20	FY21
Assets		
Cash and cash equivalents	11,019	10,373
Trade and other receivables	1,844	855
PDP assets at amortised cost	260,047	249,094
Plant, property and equipment	1,070	351
Right of use asset ¹	7,440	4,930
Intangible assets	932	1,558
Other	4,577	3,157
Total Assets	286,929	270,318
Liabilities		
Trade and other Payables	5,571	4,358
Borrowings	206,292	201,081
Provisions	2,817	3,823
Lease liabilities	8,290	6,387
Total Liabilities	222,970	215,649
Net assets	63,959	54,669

- Ample Cash and Undrawn Facilities for additional opportunities
 - \$10.4m Cash at Bank
 - \$20.0m in facilities available, undrawn through the period
- PDP assets of \$249.1m
 - After a \$7.8m negative overlay to provide for general economic conditions
- Solid net asset position and Balance Sheet
 - Net assets per share of 90.4c, materially above prevailing share price

SECTION 2

Differentiated Approach

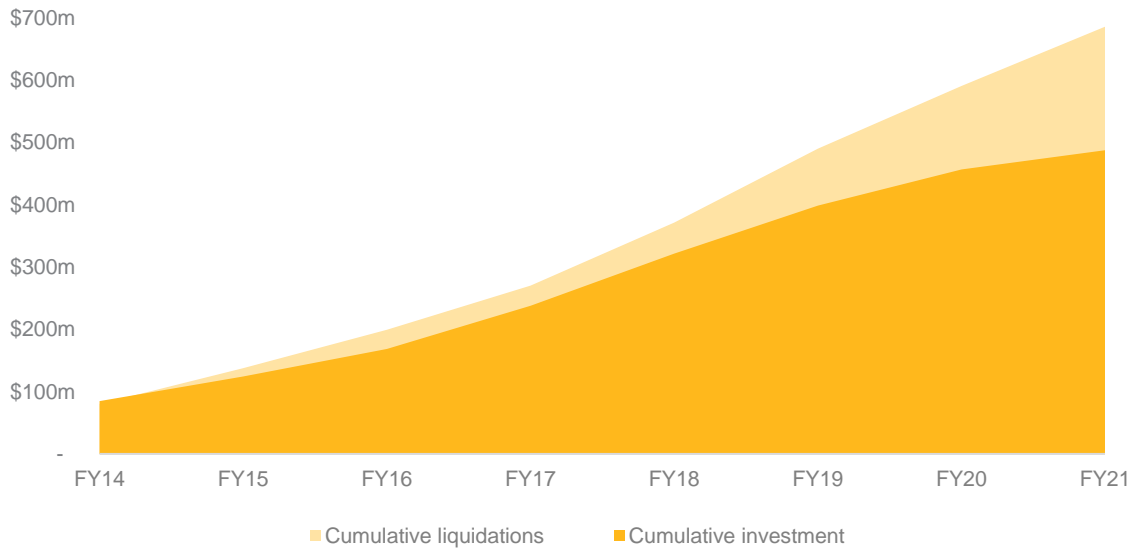
PERFORMANCE | **DIFFERENTIATED APPROACH** | OUTLOOK

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

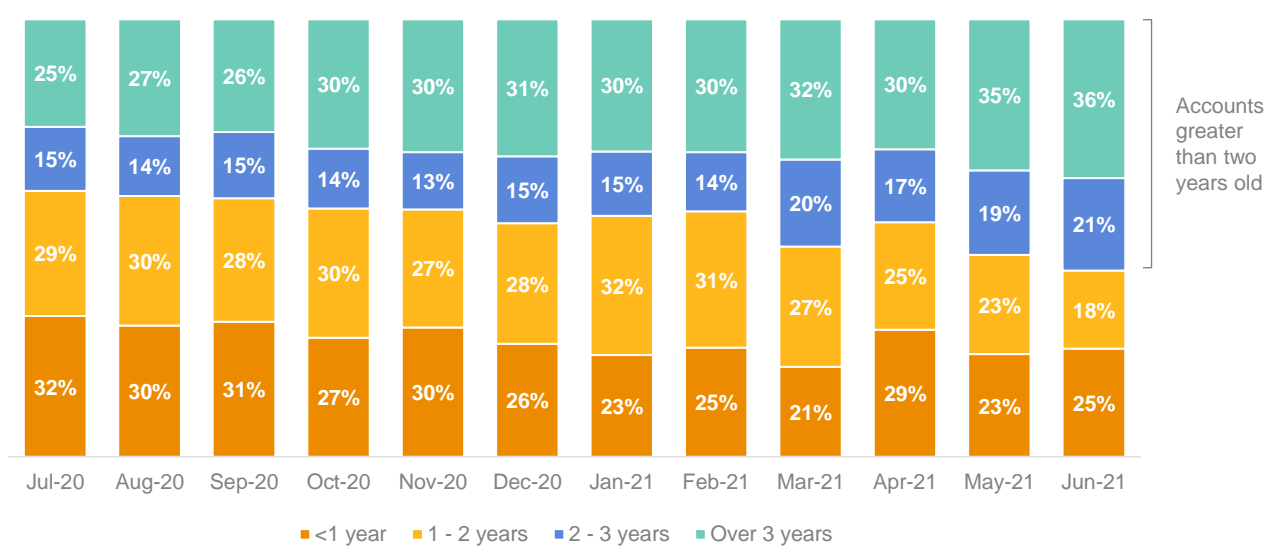
Strong returns beyond investment

CUMULATIVE LIQUIDATIONS VS. CUMULATIVE INVESTMENTS (\$m)



Liquidations now ~57% from accounts greater than two years old

CUSTOMER PAYMENTS BY VINTAGE



PDP Acquisition: Maintained disciplined approach

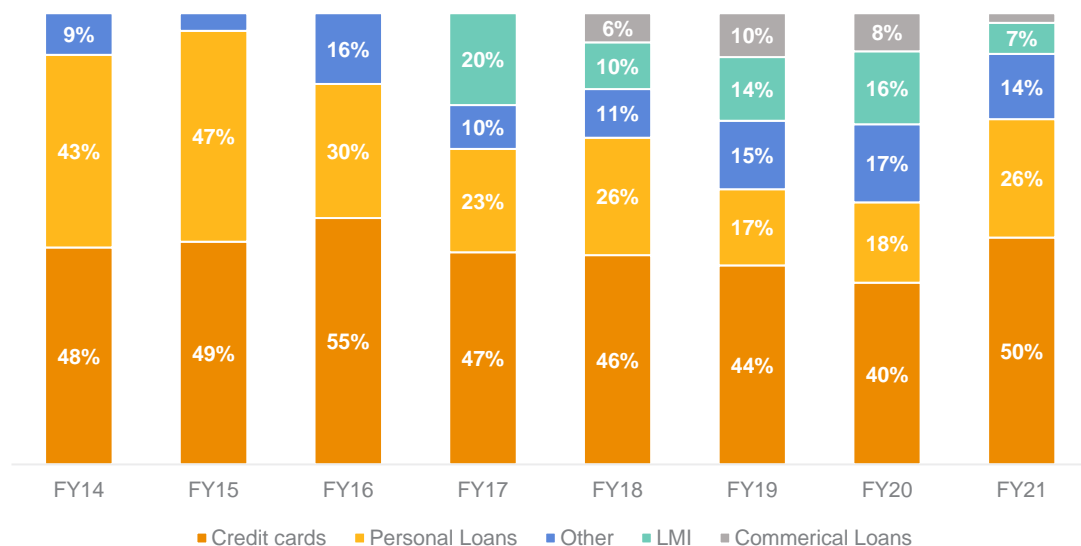
10

Maintained attractive price points across diverse vendors and products, evidencing investment discipline and the value of Pioneer's brand and service differentiation to vendors

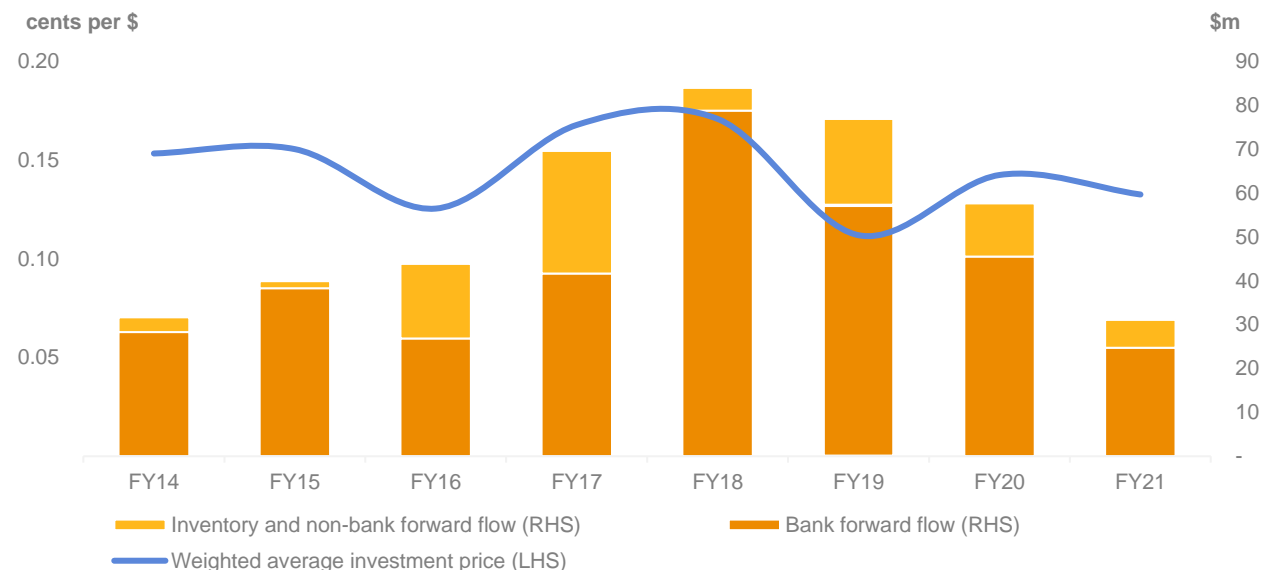
Focus returned to key Tier 1 banking & finance products

Disciplined purchasing at attractive pricing points through FY21

PDP INVESTMENT MIX



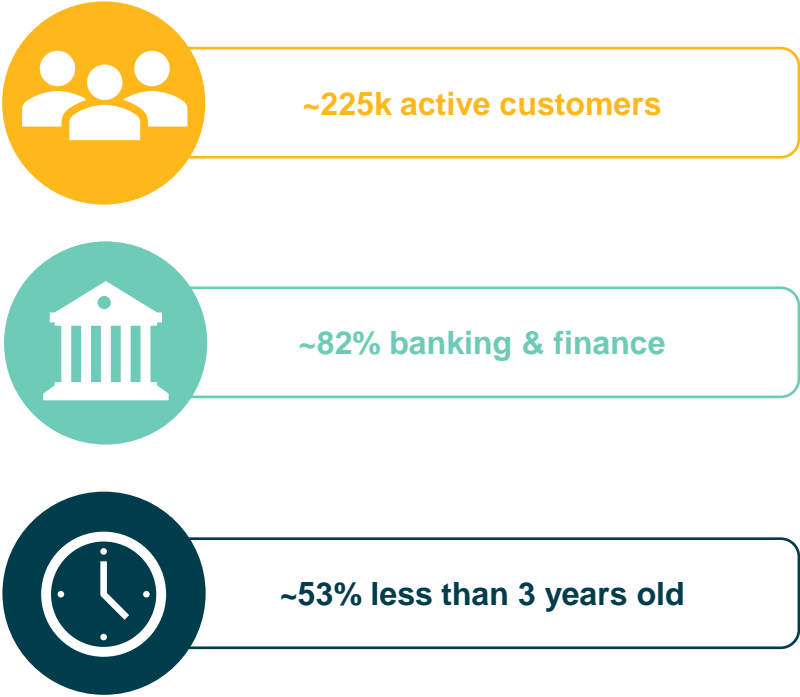
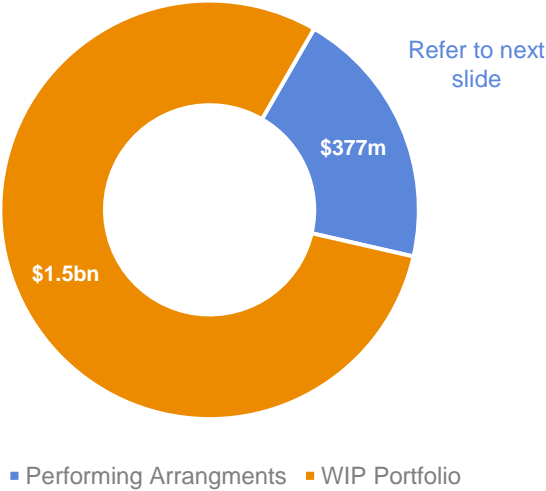
PDP INVESTMENT AND AVERAGE INVESTMENT PRICE



Active Portfolio (Jun-21)

Pioneer has an outstanding PDP balance of \$1.9bn, with the majority originating from Australian banks; significant opportunity to deepen returns

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



Notes:
1. Active portfolio taken as at 30-Jun-21

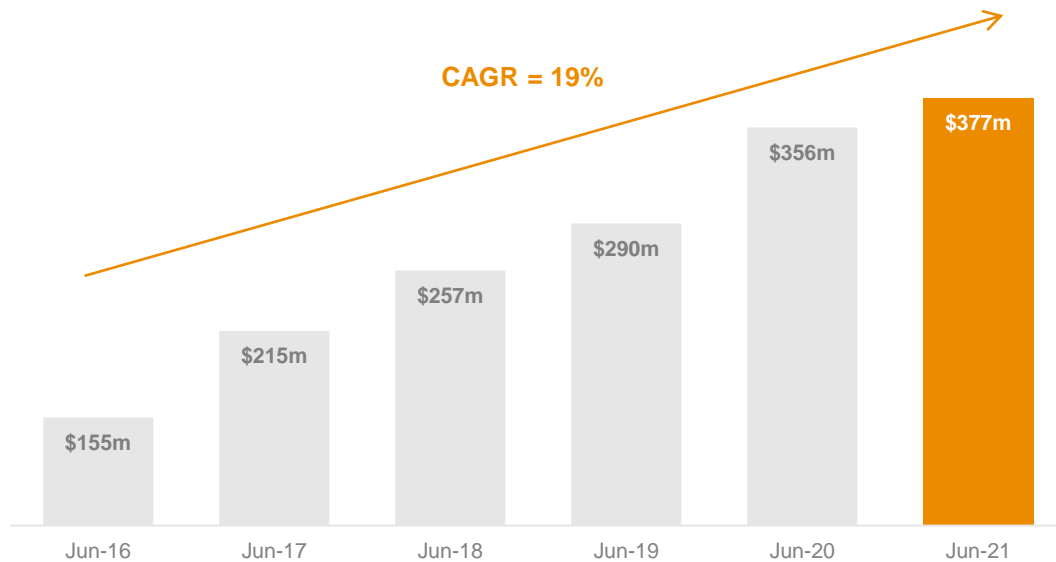
Performing Arrangements Portfolio: 6% growth in FY21

12

Monthly liquidations from the \$377m Performing Portfolio is a long term sustainable income stream

Maintained growth through contracted purchasing

PERFORMING ARRANGEMENTS PORTFOLIO BALANCE (\$m)



High quality portfolio

PERFORMING ARRANGEMENTS PORTFOLIO OVERVIEW



32,410 performing customers



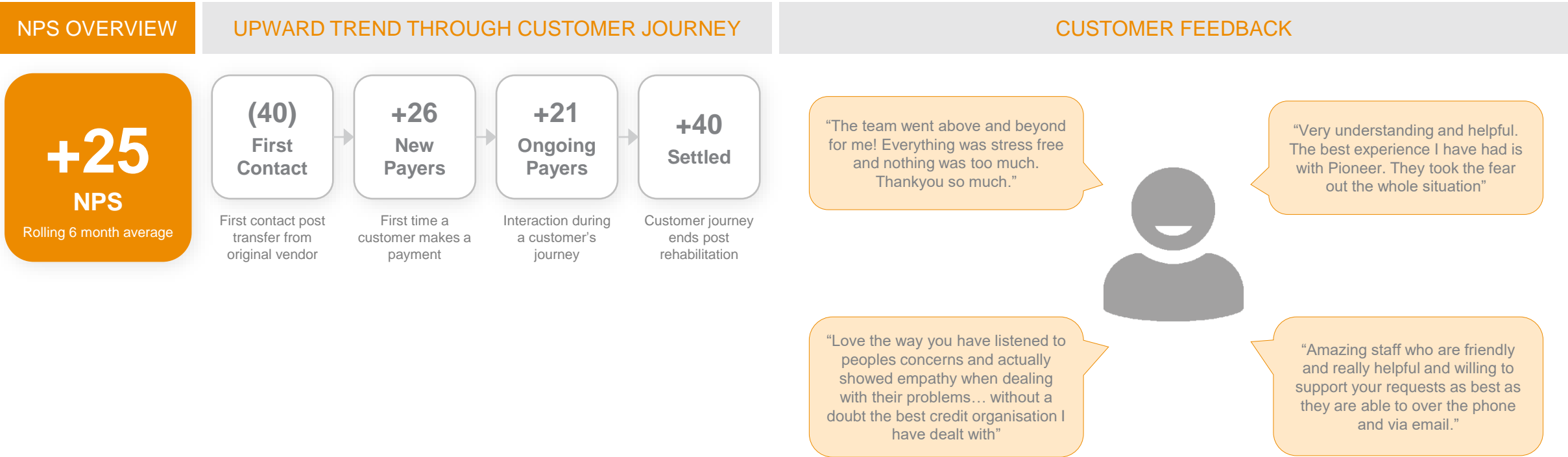
~14% total portfolio



~92% Australian bank originated

Customer Experience: We do the right thing

Exceptional NPS¹ driven by a focus on creating the best possible customer experience, validating Pioneer’s differentiated approach.



Note:
1. Net Promoter Score measures the willingness of a customer to recommend a product or service. Pioneer’s NPS 6 month rolling average as at Jun-21.

SECTION 3

Outlook

PERFORMANCE | DIFFERENTIATED APPROACH | **OUTLOOK**

Pioneer is well positioned, and is benefiting from improving market conditions

1 Refinance options well progressed

- Now in advanced stages to refinance existing facilities
 - Acceptable terms received from financiers
 - Result in materially lower cost of funds
 - Market update expected in the coming weeks

2 Capitalise on opportunities to grow PDPs while being disciplined

- Maintain focus on Australian bank originated customer portfolios
- Continue to grow using free cash flow for PDP investments, with \$30.4m cash and undrawn facilities available for additional opportunities

3 Grow Performing Arrangements

- Grow PA portfolio to further underpin PDP quality and valuation
- Resilience of PA portfolio expected to continue to weather macroeconomic backdrop

4 Realise operational leverage

- Continued investment in data and analytics to improve operational leverage
 - Cost out programme continues to deliver bottom line benefits
- Increase reach into WIP portfolio to drive returns beyond forecasts
 - Increase in payments from accounts > 2 years old

5 Thrive under increased regulation and scrutiny

- Pioneer maintains a strong risk and compliance framework to enable it to thrive in an environment of increasing regulation and scrutiny
- Increased investment in compliance, customer treatment strategies and internal audit function to ensure we remain best in class

6 Strong improvements across all metrics expected

- Guidance to be provided upon completion of refinance

Appendix

FY21 Statutory Profit or Loss

17

Continuing operations (\$'000)	FY20	FY21
Interest income at amortised cost	60,122	57,020
Net impairment (loss) gain on PDPs	(6,320)	(4,286)
Other income	2,133	662
	55,935	53,396
Employee expenses	(34,816)	(30,634)
Finance expenses	(38,472)	(26,699)
Direct liquidation expenses	(4,057)	(1,997)
Information technology and communications	(4,251)	(4,013)
Depreciation and amortisation	(4,345)	(3,783)
Consultancy and professional fees	(6,322)	(2,385)
Other expenses	(4,560)	(3,212)
Fair value adjustments on financial assets	(682)	2,288
Gain on lease modification	-	145
Loss on sale consumer loans	(2,263)	-
(Loss) / Profit before income tax	(43,833)	(16,894)
Income tax (expense)/benefit	3,749	(2,761)
Total comprehensive (loss) / income	(40,084)	(19,655)

Experienced team to execute on strategy

18

Non-executive director



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 competitive consumer market experience
- Non-Executive Director of Perth Airport and ACTIV Foundation
- Previously non-executive director of Community Newspaper Group WA and Variety the Children's Charity and Managing Director of News Corporation's Sunday Times and Perth Now

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 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

Thank you