Canaccord Genuity

Capital Markets

Australian Equity Research

3 August 2026

Raising Target Price

Pioneer Credit Limited

Diversified Financials

Rating	Price Target
BUY	A$1.40↑
unchanged	*from A$1.31*
PNC-ASX	Price A$0.62

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Guidance looks conservative; deleveraging could provide a pathway to dividends

Investment Recommendation

Pioneer delivered strong PDP (Purchased Debt Portfolio) acquisitions supported by a strong finish to the year, which we expect has continued into July. With the FY27 guidance not including Westpac, which we expect to return to market in 1H27, we see upside risk. Following this, we expect the PDP growth rate to moderate supporting balance sheet deleveraging, and a pathway for Pioneer to start paying dividends. So, with Pioneer trading on a FY26E PE of 4x, we continue to see current levels as attractive.

PDP guidance looks achievable with upside risk from Westpac

Pioneer delivered strong PDP acquisitions in FY26, supported by a strong finish to the year with, we estimate, $30m acquired in June alone. We expected this recovery in market volumes for the last several years with PDP sales from the Big 4 Banks still below levels achieved in 2017 prior to the Royal Commission. For FY27, Pioneer is guiding to PDP investment of $100–110m (CGe: $109m), of which $77m is already secured through existing projected forward flows. We view guidance as achievable, with the company indicating July has been another strong month, suggesting a significant proportion of the additional $28m required outside existing forward flows to reach the midpoint of guidance may already have been secured. Importantly, guidance includes no contribution from Westpac, which we expect to return this half. Westpac was selling approximately $40m of PDPs annually prior to exiting the market in 2017.

Balance sheet deleveraging could provide a pathway to dividends

Over the past two years, Pioneer has significantly deleveraged its balance sheet while balancing PDP acquisitions with earnings growth. We expect PDP acquisition volumes to remain elevated through FY27 as Westpac returns to the market, before moderating thereafter. As acquisition growth slows, we expect Pioneer to generate substantial excess cash flow, supporting rapid deleveraging. A lower LVR should de-risk the business and, once Pioneer achieves an LVR in the low-70% range, we estimate it could secure further annual interest savings of up to approximately $3m. We expect balance sheet deleveraging and funding cost reductions to remain the near-term priorities ahead of dividends. Accordingly, our current model does not assume any dividends, but we see a pathway to a high-single-digit yield at the current share price over the medium term.

$35m FY29 NPAT guidance looks achievable

Pioneer achieved its upgraded three-year FY26 NPAT target of at least $23m. The company has now set an FY29 NPAT target of at least $35m. This target assumes Pioneer returns to a tax-paying position, making it particularly impressive as it implies a three-year PBT CAGR of approximately 29% p.a. We view the $35m target as achievable, with upside potential from Westpac returning to the market and Pioneer's LVR falling into the low-70% range, which could generate further interest-cost savings.

Valuation and target price

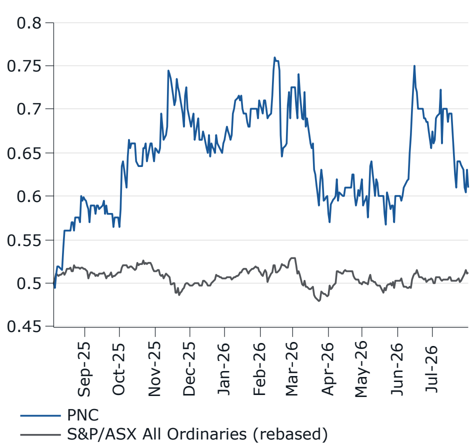
Pioneer is trading on ~4x FY26E P/E versus Credit Corp at ~8x, despite Pioneer offering greater exposure to a recovery in the Australian PDP market, in our view. Credit Corp remains below its five-year average multiple of ~15x, highlighting Pioneer's relative valuation discount. We maintain our BUY rating and increase our DCF-based price target to A$1.40 (from A$1.31). Despite upgrading our earnings forecasts, we have reduced our long-term debt-to-assets assumption, increasing the proportion of higher-cost equity funding and offsetting the valuation benefit of these upgrades. However, we believe this change materially strengthens the business through the cycle and should broaden its potential investor base as it deleverages. So, we believe the valuation change does not fully capture the benefits.

Market Data

52-Week Range (A$) :	0.48 - 0.79
Avg Daily Vol (M) :	0.1
Market Cap (A$M) :	116.2
Shares Out. (M) :	187.5
Enterprise Value (A$M) :	556.5
Cash (A$M) :	4.9
Long-Term Debt (A$) :	47.7

FYE Jun	2025A	2026E	2027E	2028E
Sales (A$M)	93.5	98.9↓	120.3↑	133.5↑
Previous	-	*99.2*	*111.3*	*120.3*
Cons. Sales[1] (A$M)	-	98.9	109.3	120.3
Net Income Adj (A$M)	10.5	23.2↓	26.9↓	27.6↓
Previous	-	*23.6*	*27.9*	*30.2*
Net Income Growth (%)	775.0	120.9	16.2	2.3
P/E (x)	10.6	4.2	3.9	4.1
Shareholder Equity (A$M)	60.6	83.8	127.7	155.3
Net Operating Cash Flow (A$M)	52	70↑	65↑	80↑
Previous	-	*69*	*60*	*74*
ROE (%)	11.0	27.7	21.1	17.8

[1] : Consensus source: Factset



Source: FactSet

Priced as of close of business 3 August 2026

Pioneer Credit (PNC) is an Australian debt purchaser and service specializing in buying and managing non-performing debts. The company focuses on recovering debts primarily from credit cards and personal loans.

Canaccord Genuity (Australia) Limited and/or its affiliates ("Canaccord") has managed or co-managed a public offering of securities in Pioneer Credit Limited in the past 12 months.

For important information, please see the Important Disclosures beginning on page 6 of this document.

Figure 1: Pioneer Credit (PNC); financial summary

P&L (A$m)	FY24A	FY25A	FY26E	FY27E	FY28E
Interest income	83.6	88.3	100.7	119.9	133.1
Impairement/gain on PDPs	-17.8	4.8	-2.2	0.0	0.0
Total Revenue	**71.1**	**93.5**	**98.9**	**120.3**	**133.5**
Liquidation Expenses	-4.2	-3.1	-3.1	-4.7	-5.5
Gross Profit	**66.9**	**90.5**	**95.8**	**115.7**	**128.0**
Employee Expenses	-36.2	-33.1	-31.6	-33.8	-35.5
Other Expenses	-16.6	-10.9	-12.6	-13.6	-14.4
EBITDA	**14.1**	**46.5**	**51.7**	**68.2**	**78.0**
D&A	-1.8	-1.5	-1.5	-1.6	-1.7
EBIT	**12.2**	**45.0**	**50.2**	**66.6**	**76.4**
PBT	-31.4	6.7	23.2	30.6	39.4
NPAT (Reported)	**-10.0**	**6.7**	**23.2**	**26.9**	**27.6**
NPAT (Und.)	**1.2**	**10.5**	**23.2**	**26.9**	**27.6**
EPS - Diluted (Und.) cps	0.7	5.8	14.6	15.5	14.7

Growth	FY24A	FY25A	FY26E	FY27E	FY28E
Sales Growth	-14%	32%	6%	22%	11%
Gross Profit Growth	-16%	35%	6%	21%	11%
EBITDA Growth	-61%	231%	11%	32%	14%
PBT Growth	NA	NA	248%	32%	29%
Und. NPAT Growth	NA	NA	121%	16%	2%

Movement in PDPs	FY24A	FY25A	FY26E	FY27E	FY28E
Openning Balance	**304.3**	**322.9**	**343.0**	**400.7**	**457.7**
Debt portfolios acquired	89.0	69.1	107.3	109.4	117.1
Cash collections of PDPs	-136.1	-142.2	-148.1	-172.3	-196.8
Interest Income Accrued	83.6	88.3	100.7	119.9	133.1
Net Gain / (Impairement)	-17.8	4.8	-2.2	0.0	0.0
Closing Balance	**322.9**	**343.0**	**400.7**	**457.7**	**511.1**

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x) (norm.)	82.9x	10.6x	4.2x	3.9x	4.1x
P/CFPS (x) (pre-PDP Purchases	2.0x	2.1x	1.4x	1.6x	1.4x
NTA per share ($)	0.3	0.3	0.5	0.7	0.8
Price/NTA (x)	2.25	1.84	1.16	0.83	0.74

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and Cash Equivalents	4.1	3.6	7.9	3.1	1.7
Trade and Other Receivables	4.3	7.2	7.7	12.7	13.7
Deferred Tax Assets	21.4	21.4	21.4	17.7	5.9
Purchased Debt Portfolio	322.9	343.0	400.6	457.7	511.1
Other Assets	15.2	13.5	11.7	28.3	48.3
Total Assets	**367.9**	**388.6**	**449.3**	**519.5**	**580.7**
Trade and Other Payables	25.7	20.4	32.3	35.3	29.7
Borrowings	254.3	10.9	11.8	11.8	11.8
Lease Liabilities	6.9	5.6	4.2	2.4	3.6
Borrowings	32.3	286.7	311.1	336.1	374.1
Other Liabilities	4.6	4.5	6.0	6.0	6.0
Total Liabilities	**323.7**	**328.0**	**365.4**	**391.6**	**425.2**
Total Equity	**44.2**	**60.6**	**83.8**	**127.7**	**155.3**

Cash Flow	FY24A	FY25A	FY26E	FY27E	FY28E
Customer Receipts	138.6	139.5	144.2	167.3	195.8
Payments to Suppliers	-51.0	-56.0	-40.7	-66.0	-78.4
Interest Received / (Paid)	-36.9	-31.0	-33.4	-36.0	-37.0
OCF Pre PDP Purchases	**50.8**	**52.5**	**70.0**	**65.3**	**80.4**
PDP Purchases	-79.6	-65.1	-93.6	-109.4	-117.1
OCF Post PDP Purchases	**-28.8**	**-12.6**	**-23.6**	**-44.1**	**-36.7**
Investing Cash Flow	**-0.7**	**-0.2**	**-0.2**	**-0.9**	**-0.9**
Net Debt Proceeds/(Repayments)	17.5	4.8	30.2	25.0	38.0
Net Equity Proceeds/(Buybacks)	9.5	9.2	0.0	17.0	0.0
Other Financing	-1.7	-1.8	-2.1	-1.8	-1.8
Financing Cashflows	**25.3**	**12.2**	**28.1**	**40.2**	**36.2**
Opening Cash	**138.6**	**139.5**	**144.2**	**167.3**	**195.8**
Net Change in Cash	138.6	139.5	144.2	167.3	195.8
Closing Cash	**138.6**	**139.5**	**144.2**	**167.3**	**195.8**

DCF valuation			
Cost of equity	13.6%	WACC	7.8%
Cost of debt (pre taxes)	8.0%	TGR	2.0%
Debt weighting	72%	Value/share	**1.40**

Source: Company Reports, Canaccord Genuity estimates

Strong FY26 finish demonstrates PDP momentum and potential upside to guidance

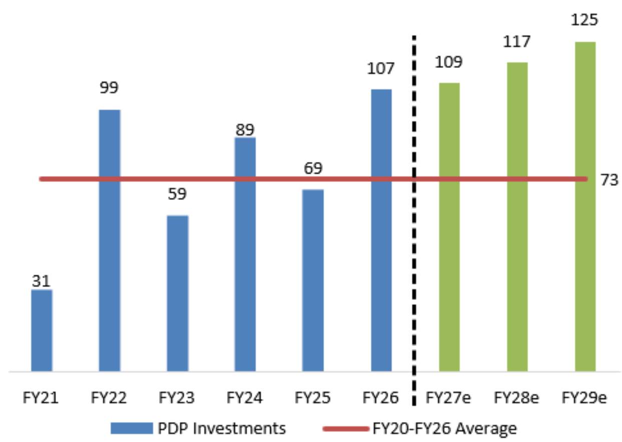
Pioneer delivered strong PDP acquisitions in FY26, supported by an exceptionally strong finish to the year, with we estimate $30m acquired in June alone. This resulted in a pronounced second-half skew, with 71% of FY26 acquisitions completed in 2H26. June's performance was driven by increased volumes from three of the Big Four banks, with Westpac yet to resume forward-flow sales.

We have expected this recovery in market volumes for several years, with PDP sales from the Big Four banks still below the levels achieved in 2017, prior to the Royal Commission.

For FY27, Pioneer is guiding to PDP investment of $100–110m, of which $77m is already secured through existing projected forward flows. Our forecast of $109m sits near the top of this range. We view guidance as achievable, with the company indicating July has been another strong acquisition month. This suggests a significant proportion of the additional $28m required outside existing forward flows to reach the midpoint of guidance may already have been secured.

Importantly, guidance includes no contribution from Westpac, which we expect to return to the market during the half. Before exiting the market in 2017, Westpac sold approximately $40m of PDPs annually. We expect volumes could return at a similar level, given Westpac is holding approximately $150m of inventory on its balance sheet and is incentivised to reduce this exposure.

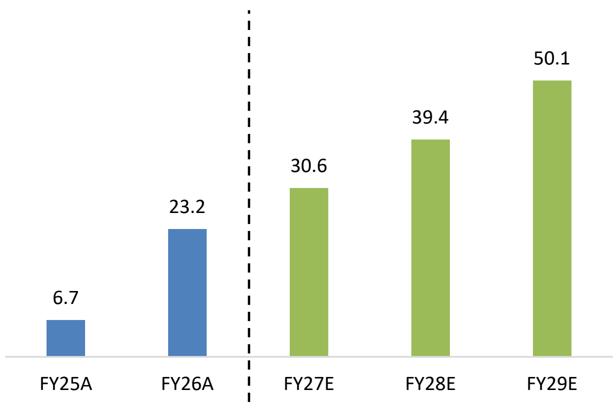
Figure 2: PDP acquisitions expected to improve vs. FY20-FY26 historical average($m)



Source: Company Reports, Canaccord Genuity estimates

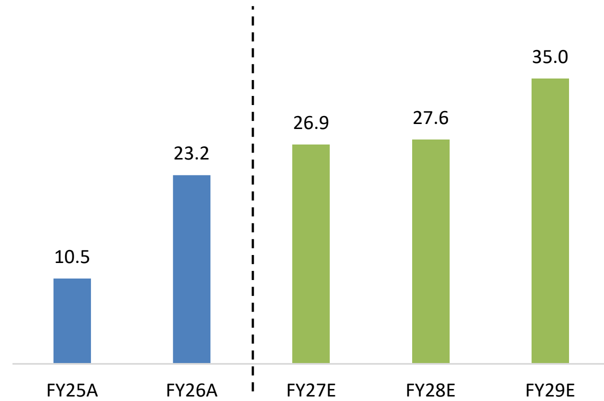
As we estimate Pioneer to have $7m of unrecognised tax benefits off balance sheet, we expect it to begin recognising a P&L tax expense from 2H FY27e as these benefits are exhausted. From a cash-flow perspective, the approximately $21m of DTAs currently recognised on the balance sheet should shelter around $70m of taxable profits. Including the unrecognised tax benefits, Pioneer may not begin paying material cash tax until it has generated approximately $93m of cumulative taxable profits, which we do not expect to occur until FY29e.

Figure 3: PBT forecasts ($m)



Source: Company Reports, Canaccord Genuity estimates

Figure 4: Normalised NPAT forecasts ($m)



Source: Company Reports, Canaccord Genuity estimates

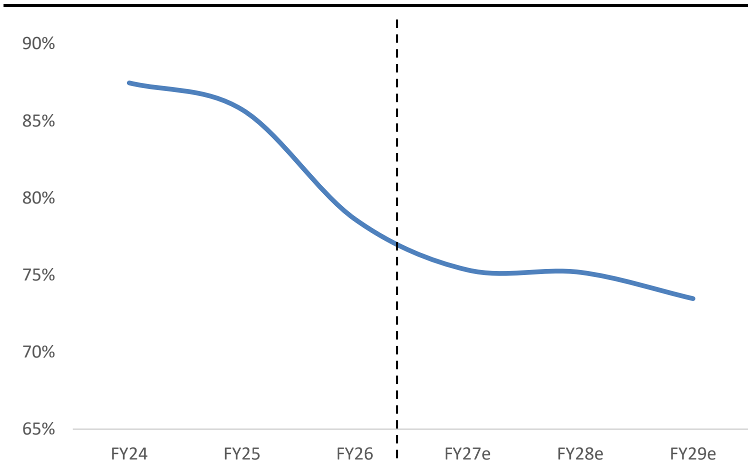
Deleveraging expected with capacity for dividends

Over the past two years, Pioneer has significantly deleveraged its balance sheet while continuing to balance PDP acquisitions with earnings growth. We expect the growth of PDP acquisition volumes to remain elevated through FY27 as Westpac returns to market, before moderating thereafter. As growth slows, we expect Pioneer to generate substantial excess cash flow, allowing the business to rapidly deleverage.

A lower LVR and stronger interest coverage materially de-risk the business, in our view, while also creating opportunities to reduce funding costs across its senior facility and Medium Term Notes. Once Pioneer achieves an LVR in the low-70% range, we estimate it could secure a further few million dollars of annual interest savings across its senior facility and Medium Term Notes.

We view this level of deleveraging as readily achievable. Our current forecasts are deliberately conservative, particularly regarding cash collections, creating upside risk to the trajectory presented in the chart below.

Figure 5: Group LVR



Source: Company Reports, Canaccord Genuity estimates

Forecast revisions, target price and valuation

With the PDP market stronger than we expected in FY26 and our view that momentum will continue into FY27, we increase our acquisition and earnings forecasts. The recent capital raise leaves PNC well positioned to fund the higher expected volumes, in our view, with additional debt likely only required if Westpac returns to the market at the scale we anticipate.

Having demonstrated strong cost control over the past two years, PNC retains capacity within its existing employee base to service the additional portfolios. We therefore expect recent PDP acquisitions to be highly accretive, particularly given PNC has historically generated IRRs in excess of 15%.

Figure 6: Forecast revisions

Y/E Jun, AUD	2027E				2028E			
	New	Old	($) Diff	(%) Diff	New	Old	($) Diff	(%) Diff
Revenue	120.3	111.3	9.0	8.1%	133.5	120.3	13.2	10.9%
Cash EBITDA (und.)	115.6	109.8	5.8	5.3%	140.8	126.5	14.3	11.3%
Stat EBIT (und.)	66.6	60.4	6.2	10.2%	76.4	66.2	10.1	15.3%
Stat PBT (und.)	30.6	27.9	2.8	9.9%	39.4	30.2	9.2	30.4%
Stat NPAT (und.)	26.9	27.9	(0.9)	-3.3%	27.6	30.2	(2.6)	-8.8%
Diluted EPS (und.)	15.5	17.6	(2.0)	-11.4%	14.7	19.0	(4.3)	-22.7%

Source: Company Reports, Canaccord Genuity estimates

Valuation and target price

PNC is trading on approximately 4x FY26E P/E versus CCP at approximately 8x, despite being the most leveraged pure-play exposure to a recovery in the Australian PDP market, in our view. CCP also remains well below its five-year average multiple of approximately 15x, highlighting the extent of PNC's valuation discount.

Our target price is based on a DCF. Despite upgrading our earnings forecasts, we have reduced our long-term debt-to-assets assumption, increasing the proportion of higher-cost equity funding and largely offsetting the valuation benefit from these upgrades. However, we believe this change materially strengthens the business through the cycle and should broaden the potential investor base as PNC deleverages. We therefore believe the resulting valuation does not fully capture the benefits of the improved balance sheet and see it as conservative.

Figure 7: Comparable valuations

Pioneer Credit Comparables		P/Book			P/E		
	Market Cap.	FY+1	FY+2	FY+3	FY+1	FY+2	FY+3
Credit Corp Group Limited	942	1.0x	1.0x	0.9x	9.1x	8.2x	7.6x
PRA Group, Inc.	672	0.6x	0.7x	NM	7.0x	6.2x	NM
Encore Capital Group, Inc.	2,012	1.6x	1.2x	NM	7.2x	6.7x	NM
Intrum AB	10,175	0.4x	0.4x	0.4x	13.7x	10.9x	5.6x
Hoist Finance AB	18,866	2.7x	2.4x	2.2x	12.7x	11.3x	10.0x
Axactor ASA	4,004	1.0x	0.9x	0.9x	NM	8.1x	6.0x
Median		**1.0x**	**0.9x**	**0.9x**	**9.1x**	**8.1x**	**6.8x**
Average		**1.2x**	**1.1x**	**1.1x**	**9.9x**	**8.6x**	**7.3x**
Pioneer Credit Ltd	114	1.4x	0.9x	0.7x	4.1x	4.1x	3.2x

Source: Factset

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: August 03, 2026, 07:37 ET

Date and time of production: August 03, 2026, 07:37 ET

Target Price / Valuation Methodology:

Pioneer Credit Limited - PNC

Our target price is based on a DCF valuation methodology.

Risks to achieving Target Price / Valuation:

Pioneer Credit Limited - PNC

i) Deterioration of Macroeconomic conditions; ii) Overleverage of funding structure; iii) Increased competition from new entrants in the market; iv) Deterioration of underwriting quality.

Distribution of Ratings:

Global Stock Ratings (as of 08/03/26)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	741	71.39%	26.72%
Hold	120	11.56%	6.67%
Sell	1	0.10%	0.00%
Speculative Buy	173	16.67%	59.54%
	1038*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate returns greater than 10% during the next 12 months.

HOLD: The stock is expected to generate returns from -10% to 10% during the next 12 months.

SELL: The stock is expected to generate returns less than -10% during the next 12 months.

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*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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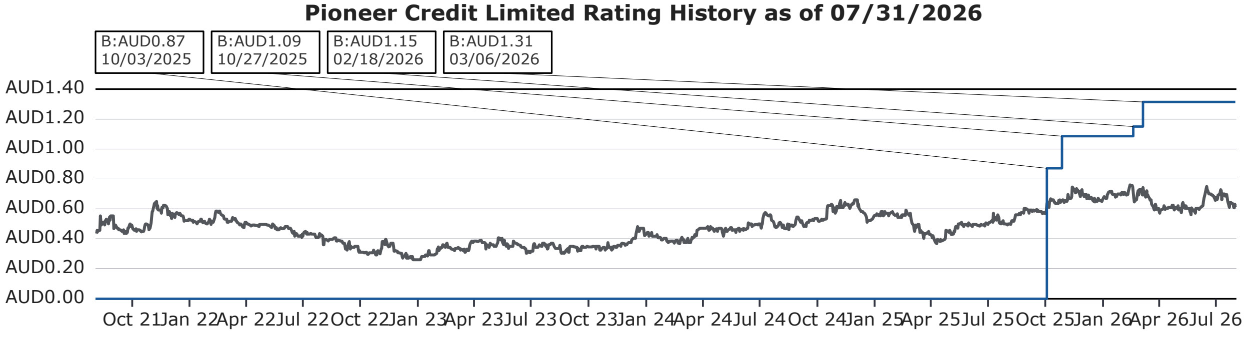
Pioneer Credit Limited Rating History as of 07/31/2026



Buy (B); Speculative Buy (SB); Sell (S); Hold (H); Suspended (SU); Under Review (UR); Restricted (RE); Not Rated (NR)

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