**Pioneer Credit: FY25 Update**

Earnings Beat. Inflection on Track.

Aug 28, 2025

Pioneer beat their FY25 NPAT guidance by 17%, delivering a normalized NPAT result of $10.5M.

The company is set up nicely to beat its $18M Statutory NPAT target for FY26.

Despite the stock being up ~58% since written-up in April, the company still trades at a meagre 5.4x FY26 P/E multiple, as they continue to take share in a recovering market.

Below I will unpack some fresh insights and ascertain the likelihood of achieving FY26 guidance >$18M.

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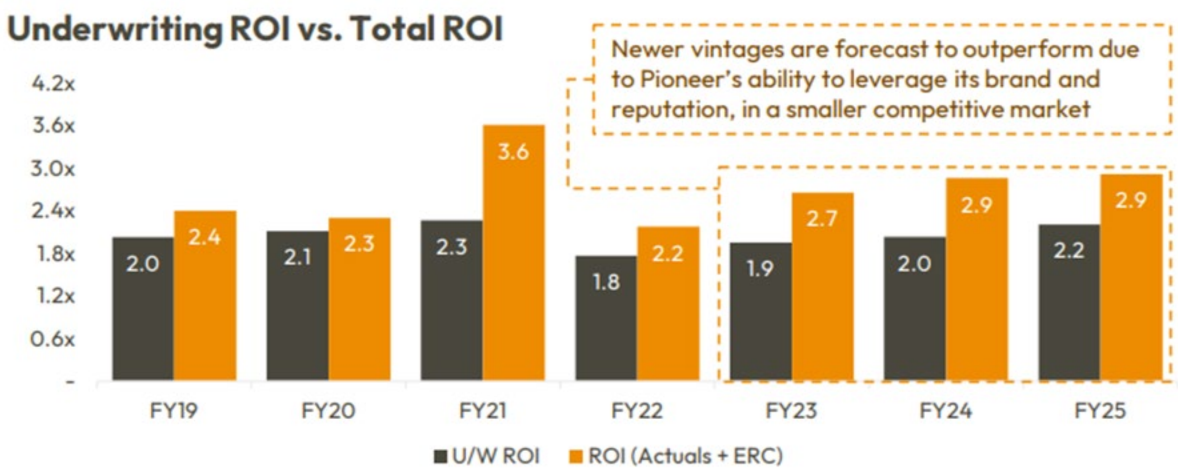
**Impairment Gains**

In my original write-up, I highlighted the likelihood we should see material impairment gains shine through in FY25 and FY26.

Whilst we did see $4.8M of impairment gains in FY25 which were mostly from accounts with no further carrying value – a significant uplift when compared with years past – I was expecting more than delivered in 2H FY25.

Given these lower impairment gains, it seems highly probable that Pioneer is booking this outperformance of their “Actual M.M/ROI” over their “U/W M.M/ROI” towards the latter end of their collection curve; recalling that the Actual M.M./ROI represents historic collections **as well as future ERC.**



The CFO's comments on yesterday's call that the company doesn't expect material growth in impairment gains in the short-term further supports this notion.

However, it's important to remember that the Actual M.M/ROI which has been reported well in excess of the U/W M.M since FY23 will have to come through impairment gains on the Income Statement eventually.

The back-ending of these gains along the latter part of the collection curve is something to stay aware of and keep a firm eye on moving forwards.

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**PDP Investment surprise**

Given the company had guided to >$90M in PDP investment, I was no doubt surprised to see a lighter $69.1M number come through for FY25.

However, reading between the lines, it appears the company purposely held off on making other investments in 2H to ensure they had capacity for Westpac upon their re-entry to market.

This was all but confirmed by Mr John who reiterated that Pioneer have already "substantially done" their FY26 $80M PDP investment guidance in just the first two months of the Financial Year combined with the announcement that Pioneer are now the only company to have PDP agreements with all Big 4 Australian banks.

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**Strong Collections / Growing ERC**

Cashflows never lie and Pioneer once again demonstrated their capacity to collect consistently on its PDP investments with steady collections of $142M in a year PDP investments reduced by 26.5% YoY from $94M in FY24 down to $69.1M in FY25.

Despite this, Estimated Remaining Collections increased 9% to ~$702M.

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**Attractive Purchasing**

More good news came through via the announcement that Pioneer had booked a 2.2x U/W M.M/ROI in FY25 – higher than historic - due to securing "a number of meaningful forward flow agreements at significant discounts to the last prices (Pioneer) were paying."

Given these pricing levels continue, this crucially means the company needn't rely on impairment gains for revenues to inflect in FY26, given Pioneer executes on its $80M PDP investment guidance throughout the year.

**$18M NPAT Guidance**

I don’t believe the market has fully digested Mr John’s assertion that $80M of PDP investment guided for FY26 has been “substantially done already.”

This information is important in ascertaining the likelihood Pioneer can achieve a statutory NPAT of >$18M in FY26.

The images below highlight the gross uplift in interest income within the first 12 months of investment on $69M of PDP investments versus $80M invested at the same 2.2x FY25 booked U/W M.M. given hypothetical 36% collection within 12 months (in line with historic collection patterns).

| PDP Cash Collection Curve and IRR implications | | PDP vintage Inv at cost: $69 | To be recovered (2.2x): $152 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Day 0 | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
| % Collected per year | | 36% | 18% | 18% | 12.00% | 2.67% | 2.67% | 2.67% | 2.67% | 2.67% | 2.67% |
| $ Value Collected Gross | | $55 | $27 | $27 | $18 | $4 | $4 | $4 | $4 | $4 | $4 |

| PDP Cash Collection Curve and IRR implications | | PDP vintage Inv at cost: $80 | To be recovered (2.2x): $176 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Day 0 | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
| % Collected per year | | 36% | 18% | 18% | 12.00% | 2.67% | 2.67% | 2.67% | 2.67% | 2.67% | 2.67% |
| $ Value Collected Gross | | $63 | $32 | $32 | $21 | $5 | $5 | $5 | $5 | $5 | $5 |

Crucially, this alone leads to an incremental $8M of interest income (63M-55M) that would flow straight to the bottom line.

Note that this is without consideration of any potential impairment gains.

In saying this, timing is of the essence for the majority of this $8M excess to fall within FY26.

As such, the 1H26 earnings result– specifically the size of the PDP investments made within the half - will tell the story as to the likelihood Pioneer will indeed reach or exceed its $18M Statutory NPAT guidance.

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**Summary**

Pioneer appears on track to beat and potentially exceed its $18M Statutory NPAT guidance for FY26.

Moreover, its newfound agreement with Westpac upon their re-entry to market serves as further evidence of Pioneer’s capacity to take market share as they continue to enhance efficiencies via a lowered CTS.

Longer-term, a recovering PDP market combined with increasing market share leaves the company in prime position to continue along this outsized earnings cadence into FY26 and beyond.

At 5.4x NTM P/E, I remain long and believe this name still has plenty left to run.



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