



Appendix 4E and Annual Report

For the year ended 30 June 2023

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Pioneer Credit Limited ABN 44 103 003 505
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2023
(previous corresponding period 30 June 2022)

1. Appendix 4E – Results for announcement to the market

Key information				\$'000
Revenue from ordinary activities*	up	52%	to	82,737
Profit/(loss) from ordinary activities after tax attributable to members	up	101%	to	166
Net profit/(loss) for the period attributable to members	up	101%	to	166

*Revenue from ordinary activities excludes interest income on bank deposits and loans to management.

Dividends per ordinary share / distributions

There is no provision for a final dividend in respect of the year ended 30 June 2023.

Financial Statements

Released with this Appendix 4E report are the following:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income together with notes
- Consolidated Statement of Financial Position together with notes
- Consolidated Statement of Changes in Equity, showing movements
- Consolidated Statement of Cash Flows together with notes

This report is based on financial statements which have been audited.

Key ratios

	30 June 2023 (cents)	30 June 2022 (cents)
Net tangible assets per fully paid ordinary share	38.81	29.72
Basic earnings/ (loss) earnings per fully paid ordinary share	0.19	(40.48)

2. Corporate Directory

Directors	Mr Stephen Targett (Chairman effective 1 January 2023) Mr Keith John (Managing Director) Mr Peter Hall Ms Michelle d'Almeida Mr Michael Smith (resigned as at 31 December 2022) Ms Andrea Hall (resigned as at 16 February 2023)
Company Secretary	Ms Susan Symmons
Principal Registered Office	Level 6 108 St Georges Terrace Perth WA 6000
Share Registrar	Link Market Services Limited Level 12 250 St Georges Terrace Perth WA 6000
Auditor	RSM Australia Partners Exchange Tower Level 32/2 The Esplanade Perth WA 6000
Solicitors	K&L Gates Level 32 44 St Georges Terrace Perth WA 6000
Bankers	FCCD (Australia) Pty Ltd (Fortress Investment Group) Suite 19.02, Level 19, Gateway 1 Macquarie Place Sydney NSW 2000
Stock Exchange Listings	Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).
Website	www.pioneercredit.com.au

Pioneer Principles



Be human



Choose integrity



Act with purpose

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Our Purpose

We're here to put an end to debt stress



We focus on customer care

Our high NPS shows our commitment to providing a positive customer experience



We buy impaired credit

We partner with a range of leading financial institutions to purchase outstanding debt



We provide flexible solutions

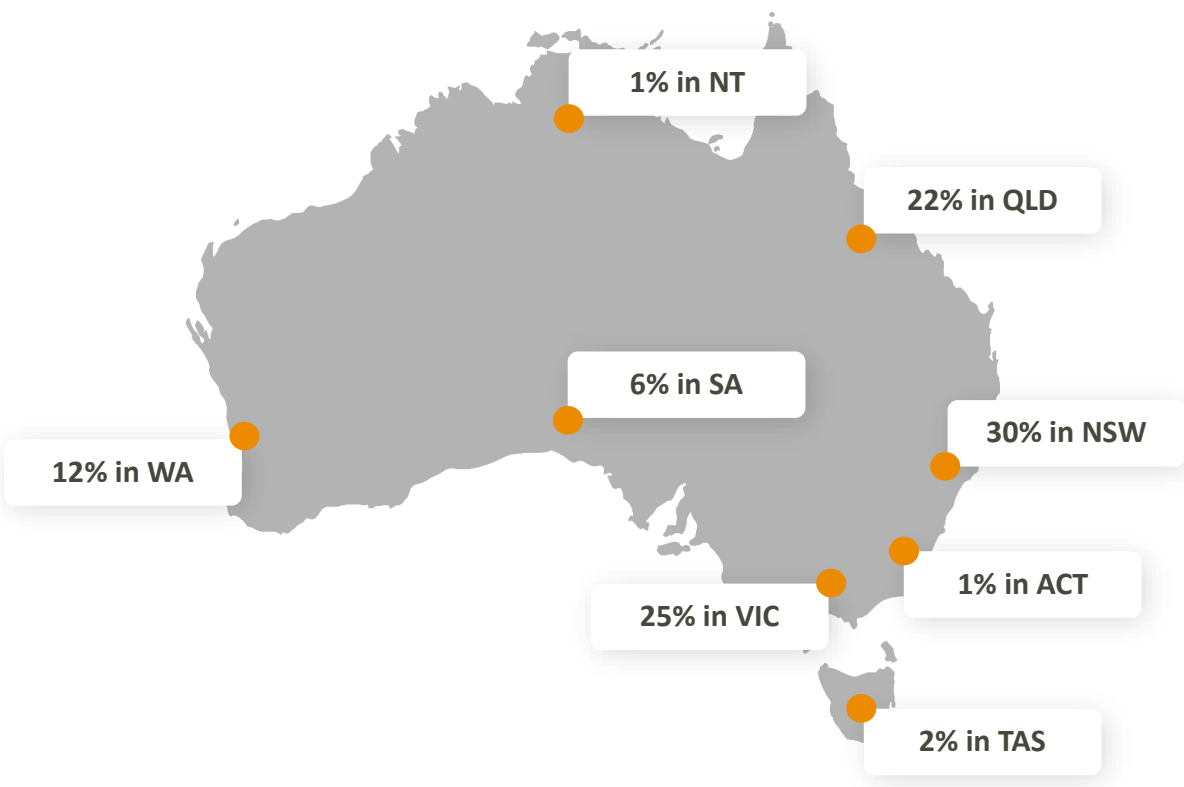
We tailor solutions to help our customers address their account in a way that suits their needs

Financial Highlights

Total Income	EBITDA	EBIT	NPAT
\$82.7m FY22: \$54.3m ▲ 52%	\$86.1m FY22: \$60.6m ▲ 42%	\$31.2m FY22: \$3.4m ▲ >100%	\$0.2m FY22: (\$33.1m) ▲ >100%
PDP Investment	ERC	PDP Asset	PA Portfolio
\$59.2m FY22: \$99.5m	\$567.5m FY22: \$572.2m	\$304.3m FY22: \$295.5m	\$456.9m FY22: 464.2m

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Over 400 Pioneer people are helping **210,000 Australians** experiencing debt stress



Distribution of Pioneer's Australian customers

3. About Pioneer

Pioneer Credit Limited ('Pioneer') is an ASX listed (ASX: PNC) financial services business that provides quality, flexible, financial services support to help everyday Australians experiencing debt stress out of financial difficulty, and to assist them in resolving their outstanding debts. We have the trust of long-term vendor partners to do the right thing and respectfully support customers to achieve financial independence.

With more than 220,000 customers throughout Australia and New Zealand, our focus is on providing them with exceptional levels of service, and a broad range of solutions, to help them achieve their financial goals.

We grow our customer base by acquiring retail debt portfolios from our vendor partners. These portfolios consist of individuals with financial obligations to us and are the cornerstone of our customer relationships. We value and respect our customers greatly, and work with them over time so that they can meet their obligations and progress toward financial recovery, and through this process evolve as a 'new consumer'.

Our vendor partners are Australia's major banks, financial institutions, and non-bank lenders. Our success has been built on long-lasting relationships, and while we have grown substantially, we remain agile enough to meet our vendor partners' business requirements.

Our key focus is providing commercial solutions to our financial sector partners. We never forget that the reputation of our partners is paramount, and that how we approach the servicing of portfolios we acquire, reflects on both Pioneer and our partners.

A focus on customer service

We continually invest in the ongoing training and development of our people to ensure we provide a consistent customer service-oriented approach to customer engagement. We also monitor all customer contact and are at the forefront of compliance best practice. This approach means we are confident of delivering an industry-leading service to our partners.

Strong corporate culture

Pioneer has a strong corporate culture, built on three principles. They are: Be Human, Choose Integrity, Act with Purpose. These principles are a very well-defined set of values that our people work and live by. They form the core of what we expect from our people; they are embedded throughout the organisation and underpin every interaction we have with our customers and our stakeholders.

4. Directors' Report

The Board of Directors present their report on the Consolidated Entity ('the Group' or 'the Company') consisting of Pioneer Credit Limited and the entities it controlled at or during the year ended 30 June 2023.

Directors

The following were Directors of Pioneer during the financial year and at the date of this report:

Mr Stephen Targett (Chairman effective 1 January 2023)

Mr Keith John (Managing Director)

Mr Peter Hall

Ms Michelle d'Almeida

Ms Andrea Hall (resigned as at 16 February 2023)

Mr Michael Smith (resigned as at 31 December 2022)

Principal activities

Pioneer acquires portfolios of customers experiencing debt stress from Australia's major banks, financial institutions, and non-bank lenders.

Customers are acquired in tranches called Purchased Debt Portfolios ('PDPs') and our business model relies on generating returns through providing a differentiated customer service to our customers and vendor partners, and by carefully managing our Cost to Service ('CTS'). We are disciplined when we invest, relying on our extensive industry expertise, vendor relationships and considerable data sets and analytics capability to only acquire where we know we can service those customers properly, at an appropriate margin, and in a manner that supports our continued growth.

The returns that we generate are re-invested to grow our position as the preferred option for employees, partners, and investors. We aim for long term, sustainable growth, and communicate to all with transparency and fairness.

There are five key metrics which tie back to our strategic objectives and ensure that we maintain a clear and consistent understanding of how we are performing as a business:

- Customer experience is measured through Net Promoter Score ('NPS');
- Our ability to generate positive and sustainable customer outcomes is measured through cash collections, and the growth of our Performing Arrangement ('PA') portfolio; and
- The efficiency of our business is measured through CTS;
- Investment capability and discipline is measured through Return on Investment ('ROI'); and
- Employee satisfaction and engagement is measured through employee Net Promoter Score ('eNPS').

Review of operations

Pioneer's FY23 financial performance will be recorded as a key milestone in the Group's history, re-establishing the Group's profitability and re-engaging with equity investors and equity markets to retell our story, following a remarkable series of events in the prior years. That we are here to tell this story is testament to the work of the people at Pioneer, and their commitment and tenacity is why success in the future is assured.

The Group had five key deliverables for the period;

1. Return to profitability;
2. Capitalise on opportunities to grow PDPs;
3. Grow the PA portfolio;
4. Realise our operational leverage; and
5. To thrive under increased regulation

1. Return to profitability

The corporate activity that required the Company to refinance at usurious interest rates has been previously explained. Following refinancing in November 2021 to reduce those rates, the Group forecast a return to profitability based on a two key factors;

1. A reduction in the cost of funds; and
2. An improvement in CTS

In addition, and pleasingly, CTS fell from 44% in FY22 to the lower end of our target range of 35% - 37% of cash collections. The decrease in CTS reflects continued discipline in operations, profitable PDP investment which drove increasing cash collections, as well as some remaining covid-19 stimulus through government subsidies for trainees.

In the short term, we expect CTS to be somewhat volatile (though all within an acceptable range) as we continue to drive operational performance and deploy new technology, principally the Core System Replacement project (refer to the announcement to the ASX on 3 July 2023). With completion scheduled for late FY24, the new core system will contribute to an improvement in the customer experience we deliver, compliance outcomes we achieve and in time, continue to drive down our CTS.

Of course, profitability does not just occur because we simply reduce the cost of funds and improve CTS. Operational excellence is essential in this business. What this means is investing our shareholders' money in PDPs that are profitable, with minimal compliance risk, and then servicing those portfolios well through their life. Pioneer has consistently done this, and even through the pandemic induced lean years, Pioneer maintained its cash collections. Then, in FY23 cash collections rose sharply following our deployment of capital late in the prior period, as we embarked on our return to growth.

2. Capitalise on PDP opportunities

Pioneer continues to be selective in its deployment of available capital, having invested \$60m into high quality portfolios. This investment was across 18 vendors, six of which were first time partners with Pioneer.

What has become very clear in the Australian market is that, in addition to vendors preferencing quality service providers, there is a well understood and growing preference among non-bank lenders in particular, to partner with groups that do not have competing products. As the only ASX listed participant in Australia in the debt purchase sector that does not compete with its vendor partners, Pioneer is growing market share and experiencing engagement at a level not previously experienced.

While we welcome these new relationships and opportunities, we are careful and considered custodians of shareholders' capital, and we embark on these new relationships with caution and, where possible, with initially small investments so we can prove up our expectations. We have done that across FY23, and as our confidence with these new vendor partners grows, we expect to deploy significantly more capital in the coming years.

A continuing reference point for the value of our servicing approach is Pioneer's five year agreement with the Commonwealth Bank of Australia. This contract underpins some of the future growth of the Company. Following a period of very low portfolio volumes from vendor partners, with current economic pressures, we expect increased write-offs and vendor PDP volumes to rise.

3. Grow the PA Portfolio

Pioneer's PA portfolio remained stable at \$457m for FY23 (FY22: \$464m), following a significant increase in FY22 due to the acquisition of a large portfolio that contributed significant collections in that period. The stable result is pleasing and results in a cumulative annual growth rate of 10% over the past 5 financial years.

Pioneer continues to support customers on their journey to financial freedom and is particularly aware of the increased economic pressures they continue to face. Our operational focus seeks to ensure fair and reasonable outcomes for our customers.

The anticipated increase in investment opportunities discussed above will provide significant benefits to the Company in the coming years:

- PAs continue to underpin the substantive part of the PDP valuation in Pioneer's balance sheet, as the most demonstrable, predictable and certain expected cash collections;
- An increase in contributions to cash collections in future periods, which underpin Pioneer's cashflow and top line performance; and

- The opportunity to introduce new lower cost funding given repeatable cashflows which international financiers both favour and are familiar with.

4 and 5. Realise our operational leverage and to thrive under increased regulation

Pioneer continues to make improvements across all business functions with significant investment in IT systems, data and analytics and learning and development.

Throughout FY22 and FY23, Pioneer undertook comprehensive planning to identify its current and future systems requirements. The Company selected a best-in-class core system for deployment, together with a sequence of other projects under a transformation program umbrella, including systems designed to modernise the data and analytics and operational risk functions.

Implementation of C&R Software's Debt Manager Pro system of record commenced late in FY23. This system is used extensively worldwide across the largest debt purchasers, large multinational banks and a broad range of other industries and is expected to lead to an improvement in the customer experience we deliver and compliance outcomes we achieve and allow us to operate in a more efficient manner which will contribute further to lowering the CTS. Completion is expected by end of FY24, with benefits to be realised in FY25 and beyond.

As our industry experiences unprecedented and increased regulatory oversight, Pioneer remains committed to treating its customers with respect and ensuring that its processes in handling any customer grievances are managed efficiently. Technology improvements have been implemented within this function with efficiency gains expected to flow.

Modernisation of our data and analytics platform commenced in late FY23 and is expected to deliver best practice data architecture, computing power and utilisation of new analytical technology.

People

Pioneer continues to invest significant thought and resources into its people. Its People Strategy seeks to:

- optimise Pioneer's employee value proposition;
- attract and retain a skilled and diverse workforce that replicates Pioneer's Customer base, ensuring our talent pool reflects people of all backgrounds and experiences; and
- drive performance across the organisation to deliver business outcomes.

The purpose of the People Strategy is to continue to develop a skilled workforce that can deliver on Pioneer's Purpose 'to put an end to debt stress'. This will be achieved through the creation of simple systems and processes that will enhance the employee experience, such as:

- embracing new ways of working, supporting experimentation and learning;
- moving talent around the Company to support commercial outcomes;
- focussing on the health and safety of our people; and
- promoting development of our people for internal movement and progression.

Our success in these objectives is measured by Engagement and eNPS and embedding a culture of genuine care for customers, our people and partners. A recent comprehensive engagement survey resulted in a 71% response rate, an engagement score of 79% and an eNPS of +10 (the all Australian average is 73% and an eNPS of +1). Annual comprehensive engagement surveys continue with quarterly pulse checks planned for future periods.

Economic conditions

While the Company's refinance in November 2021 saw decreased credit margins from previous years, the RBA's numerous interest rate increases throughout FY23 had a direct impact on Pioneer, resulting in a closing interest rate of 12.77% per annum across our facility. This cost Pioneer ~\$6.6m more for the period, than was reasonably expected heading into the financial year. The process to secure refinancing opportunities for Pioneer, has commenced. Reducing funding costs is a key focus and a reduction to, for example, 7%, would lead to an additional \$12.1m in cash, which will drop to the bottom line directly.

From an operational perspective, with macro-economic pressure driving supply, balanced against a fully employed population with capacity to service their financial commitments, less competition for portfolios and a vendor preference towards Pioneer, we expect to continue to benefit from the current environment.

Business risk statement

Every business faces uncertainties in the future. The ability to understand, manage and mitigate those risks is a source of Pioneer's competitive advantage.

The following key business risks are sources of regular Board attention with a number of key projects underway to mitigate such risks:

Funding

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. Pioneer's existing debt facility consists of 4 tranches totalling \$220.5M available. The facility expires in November 2025.

The Company also has \$55.5m in Medium Term Notes outstanding. These notes expire on 30 November 2026.

Pioneer continues to consider alternative and/or increased funding in order to reduce its cost of funds and grow.

Purchased Debt Portfolios

In order to continue its profitable growth, Pioneer needs to be able to acquire PDPs at appropriate prices and maximise the recovery of those accounts comprising the portfolio.

The availability of debt portfolios at appropriate prices and the ability to collect on those accounts is affected by a number of factors, some of which are outside Pioneer's control, including the level of credit being extended to consumers, the percentage of such credit in arrears, the current economic and regulatory climate, insufficient debt portfolios becoming available and increased competition in the market.

Remediation programs from various vendor partners

This year's financial performance has been impacted by the various remediation programs undertaken across the banking and finance sector in Australia. Were these remediation programs to continue longer than expected these may have an impact on future financial performance.

Technology

Pioneer is heavily reliant on technology to manage its day-to-day operations. Should an event or series of events result in the loss of access to primary and business critical information and communication technology systems, data processing capabilities and/or network connectivity for an extended period, it would affect Pioneer's ability to operate in the normal course of business and result in significant financial risk in terms of loss of ability to liquidate portfolios and report on revenues and manage working capital and cashflow. Refer above to view a summary of the Company's ongoing digital strategy and transformation project.

Resourcing

Pioneer's success depends on identifying, hiring, training and retaining skilled and knowledgeable team members and retaining its existing trained workforce and attracting new personnel as it grows is imperative. Competition is keen in the current tight employment market and Pioneer continues to enhance its systems and processes to improve the employee experience.

Regulatory and legislative risks

Pioneer operates in an industry with a strict legal and regulatory framework. Any failure by Pioneer to comply with applicable laws and regulations could adversely affect Pioneer's reputation, its business and/or result in substantial losses.

Pioneer is aware of the importance of regulatory compliance and potential adverse publicity associated with any actual or alleged non-compliance. Regular staff training, close supervision and its call review process assists with ensuring that a culture of regulatory compliance is maintained. Pioneer has compliance systems to identify and rectify actual or potential instances of non-compliance. These compliance systems include compliance and cultural review of employee calls to customers, regular employee counselling and training in relation to actual and potential breaches and senior management involvement in relation to any actual or potential non-compliance. This also assists in ensuring rapid resolution of any customer complaints and disputes.

Pioneer devotes significant resources to regulatory compliance.

Risk Governance

Our risk governance framework is embedded in all our practices. Pioneer uses a combination of different and complementary skills in assessing the material risks faced and our framework is built on the 3 lines of defence model with accountability from our employees, risk compliance through our processes, policies and procedures and independent oversight via internal audit reporting through to our Board.

Pioneer's risk processes are reviewed bi-annually by its Board with the goal of aligning risk taking with its statutory requirements, strategic objectives, and capital planning.

Corporate governance

Pioneer is a good corporate citizen, committed to sound corporate governance practices that see each of our customers, employees, vendors, shareholders, and other stakeholders treated with empathy, respect, and transparency. We take these responsibilities, and our accountability, seriously. Pioneer continues to adopt all ASX Corporate Governance Council Guidelines and Recommendations.

Our corporate governance framework is established to ensure effective engagement with all our stakeholders. This framework is underpinned by our Pioneer Principles, which are a set of values that we work and live by. The Pioneer Principles are embedded throughout the Company and underpin every interaction we have with our customers and stakeholders. They assist us in producing an inclusive and empowering culture.

Regulation and compliance

Pioneer operates in a highly regulated environment.

Our regulatory landscape includes Australian Securities Exchange, Australian Securities ('ASX'), and Investments Commission ('ASIC'), Australian Competition and Consumer Commission and Australian Financial Complaints Authority, among a broad range of other regulators.

We are of course, not without fault, and our policy and response to mistakes remain very certain. That is, where we are at fault or error, we will call that out without question, and we will honestly and expeditiously remedy that fault to return our customer, or any other impacted party, to at least the position they were in prior. We care deeply for people, and we work hard to demonstrate that daily.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

No other matter or circumstance has occurred subsequent to the year-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Environmental regulation

The Company is not affected by any significant environmental regulations.

Environmental, Social and Governance (ESG) Report

Pioneer believes that it can play an important role in lifting social, economic, and environmental sustainability. Our approach to diversity and inclusion is captured in our statement ‘Belonging’, and we set a standard for our group and people, starting with those we employ being ‘founded in good’.

Environment Stewardship



- **Premise location:** Perth, Western Australia, which has a **4 Star NABERS** rating - High level of energy efficiency and environmentally conscious design in the office space which reflects the Company’s consideration of its footprint impact.
- **Paperless environment:** Reduced number of laser printers across its offices to 2, and moving document signing to digital forms, by email.
- **E-waste:** All end of life equipment that we are unable to sell or donate to charitable groups, are disposed as e-waste.

Social

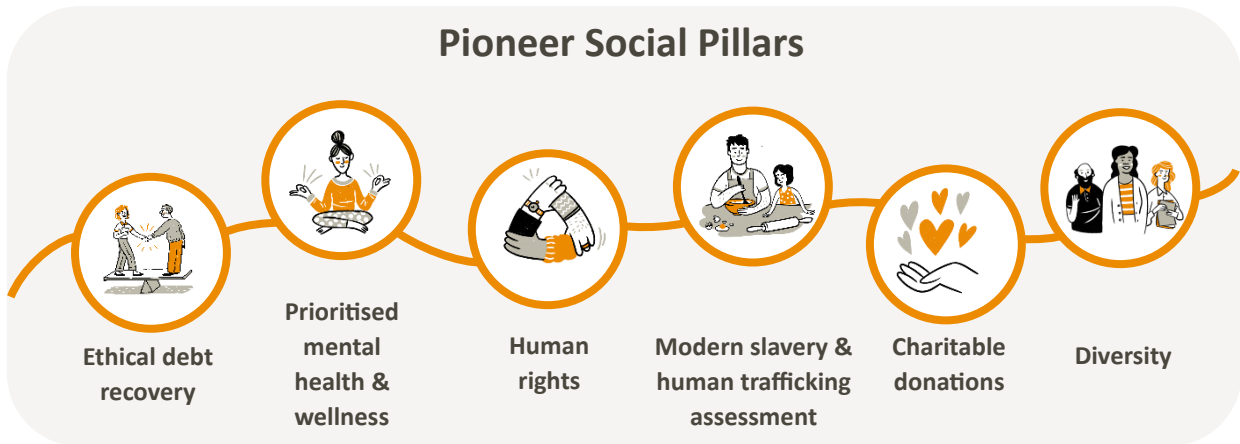


- Pioneer considers the social impact of everything we do.
- Our customers and staff are key to the success of our business
- We ensure that all our staff are treated well, valuing diversity and making sure everyone is included.

Governance and Ethics



- Key policies such as Code of Conduct, Whistleblower, Family and Domestic Violence, and Grievance Management ensures our commitment in governance and ethics.
- A vast majority of our vendor partners are regulated by APRA, and we adopt much of APRA’s governance framework.
- Committing to transparency, accountability and prudent oversight, we uphold the highest standards of governance to safeguard stakeholders and the stability of our financial



1. Ethical Debt Recovery

The vision of Pioneer Credit is *‘to put an end to debt stress’*.

We provide a range of flexible payment options tailored to our customers' needs, enabling them to choose terms that align with their circumstances. We work with our customers to ensure the arrangements they make with us are sustainable.

We have an approach to dealing with customers experiencing hardship where generally we do not require them to prove that. We accept their view of their circumstances at face value. This saves emotional pressure for our customer and allows us to move more quickly to working to resolve their debt stress completely.

For customers that are most challenged, we provide debt waivers. During the year ended 30 June 2023, we provided over \$2.4m in debt waivers.

2. Prioritising Mental Health and Wellness

We are dedicated to fostering a positive and supporting work environment including with policies that encourage open conversations about mental health, working to eradicating stigma associated with discussing mental health, or mental health more generally and providing resources such as employee assistance programs, participation in ‘R U OK?’ Day, and flexible working arrangements.

We recognise that by prioritising mental health and wellness, we enhance employee morale and productivity but also contribute to a more compassionate and empathetic society as a whole.

3. Human Rights

Pioneer is committed to operating in accordance with the International Bill of Human Rights and supports and respects the human rights of everyone it works with and complies with the appropriate human rights legislation in the countries in which it operates. In addition to this, we have a comprehensive approach to Modern Slavery and Human Trafficking.

In short, Pioneer requires the highest ethical practices and professional standards of its employees and suppliers and expects them to:

- commit to and comply with our Code of Conduct and Pioneer Principles;
- value and respect all people by protecting human rights;
- be aware that human rights are universal and fundamental rights that preserve the inherent freedom, dignity and equality of all human beings;
- comply with international human rights laws;
- manage their operations and their own supply chain guided by the United Nations Guiding Principles on Business and Human Rights;
- commit to a workplace free from workplace bullying, harassment, victimisation, and abuse, unlawful or inhumane treatment; and
- provide fair pay and working conditions for employees.

4. Charitable Donations

Pioneer has a long history of giving back to the communities in which it operates. Over the past twelve months we have donated financially to 9 different organisations.

Our largest staff driven campaign is in December where, rather than buying Christmas presents for each other, our team buy vouchers for gifts to children that are hospitalised over the holiday period. This amount is then matched by the Company and in FY22 this programme contributed \$18,000 to ToyBox.

Supporting this programme is the opportunity for our people to spend a day wrapping presents for Perth Children's Hospital.

5. Diversity

We have always recognised the value of a diverse workforce, long before gender targets were a thing. Our approach to diversity and inclusion is unique, and captured in our simple but very powerful statement 'Belonging'.

At Pioneer, Belonging exhibits itself in many ways. It starts with our people knowing they can truly bring their full self to their workplace.

Belonging is more than acknowledging diversity through a 'seat at the table' culture. We aim to amplify every person's voice, remove barriers and appreciate each other for their uniqueness.

Diversity is a fact. Inclusion is a behaviour. Belonging is the emotional outcome that we want Pioneer's culture to be known for.

When you consider our statement 'Belonging' fully you will see our goals are ambitious. We recognise that. We also recognise that we do not always meet them. But we do try, and where we fall short we are honest about that, and take full responsibility.

Female Gender Proportion metrics *data captured at 30 June 2023*

Staff Group	FY23
Executive	40%
Senior Leadership Team	50%
Employee	58%

Age Diversity metrics – number of employees in each age bracket. *Data captured at 30 June 2023*

Under 25	25 -34	35-44	45-54	55-64	65+
21%	37%	24%	12%	5%	1%

7. Future Outlook

In FY24, we have committed to advancing our ESG outcomes and have committed to forming a committee to consider and advise the Executive and Board with respect to ESG considerations across our operation.

Information on Directors

Mr Stephen Targett	Independent Non-Executive Chairman	
Experience and expertise	<ul style="list-style-type: none"> Appointed a Director in June 2022 Appointed Chairman on 1 January 2023 Extensive financial services experience as a board member and an executive in Australia and overseas Current Chairman of Member Owned Bank Police & Nurses Limited (P&N), former Chair of BCU, a division of P&N and Director of CPT Global Limited. Previously CEO of RACQ Bank and in successive executive positions, successfully led National Australia Bank's European services, Lloyds Banking Group's wholesale and international division and ANZ's institutional bank. 	
Listed Company Directorships including those held at any time in the previous 3 years	Chairman – P&N Bank Director – CPT Global Limited	
Special responsibilities	Member of Audit and Risk Management Committee Chair of People, Remuneration and Nomination Committee	
Interests in share and options	Ordinary Shares	136,363
	Options (Listed)	136,363

Mr Keith John	Managing Director	
Experience and expertise	<ul style="list-style-type: none"> Founder of Pioneer Credit with over 25 years' experience in the financial services industry Widely regarded expert in the impaired credit sector in Australia Director of Midbridge Investments Pty Ltd and Bondi Born. 	
Listed Company Directorships including those held at any time in the previous 3 years	Nil	
Special responsibilities	Managing Director Member of People, Remuneration and Nomination Committee	
Interests in share and options	Ordinary Shares	12,347,934
	Options (unlisted)	8,000,000
	Options (Listed)	4,527,273

Mr Peter Hall	Independent Non-Executive Director	
Experience and expertise	<ul style="list-style-type: none"> Appointed a Director of Pioneer in January 2022 Significant career experience across financial services, with specific expertise in credit risk in Australia, including five years with Genworth Financial Australia and New Zealand, initially as its Managing Director and later as Country Executive. Previously seven years at GE Mortgage Insurance Australia and New Zealand, the final five years as Managing Director and Chief Executive Officer 	
Listed Company Directorships including those held at any time in the previous 3 years	BNK Banking Corporation Limited	from 15 Nov 2015 to 31 October 2022.
Special responsibilities	Chair of Audit and Risk Management Committee Member of People, Remuneration and Nomination Committee	
Interests in share and options	Ordinary Shares	225,000

Ms Michelle d'Almeida	Independent Non-Executive Director	
Experience and expertise	<ul style="list-style-type: none"> Appointed a Director in June 2022 Former Managing Director of News Corporation's Sunday Times and Perth Now Non-Executive Director of Perth Airport and ACTIV Foundation Previously Non-Executive Director of Community Newspaper Group WA and Variety the Children's Charity 	
Listed Company Directorships including those held at any time in the previous 3 years	Nil	
Special responsibilities	Member of Audit and Risk Management Committee Member of People, Remuneration and Nomination Committee	
Interests in share and options	Ordinary Shares	36,363
	Options (Listed)	36,363

Ms Andrea Hall (resigned 16 February 2023)	Independent Non-Executive Director
Experience and expertise	<ul style="list-style-type: none"> Appointed a Director of Pioneer in November 2016 and resigned on 16 February 2023.

Mr Michael Smith (Resigned 31 December 2022)	Independent Non-Executive Chairman
Experience and expertise	<ul style="list-style-type: none"> Appointed Chairman of Pioneer in February 2014 and resigned on 31 December 2022.

Meeting of Directors

The number of meetings held, and attended, by the Directors during the year ended 30 June 2023 was:

Name	Board Meetings		Committee Meetings			
			Audit and Risk Management		People, Remuneration and Nomination	
	Attended	Held	Attended	Held	Attended	Held
Mr Stephen Targett	14	14	5	5	5	5
Mr Keith John	14	14	n/a	n/a	5	5
Mr Peter Hall	14	14	5	5	5	5
Ms Michelle d'Almeida	14	14	5	5	5	5
Mr Michael Smith ¹	10	10	3	3	2	2
Ms Andrea Hall ²	11	11	4	4	2	2

¹ Resigned 31 December 2022

² Resigned 16 February 2023

Company Secretary

Ms Susan Symmons joined Pioneer as Company Secretary and General Counsel on 1 October 2015. Ms Symmons has over 25 years' corporate experience including positions with Heytesbury Pty Ltd, Evans & Tate Limited, Automotive Holdings Group Limited, and Helloworld Limited. Ms Symmons holds a Bachelor of Commerce from Curtin University and a Master of Business Law from UNSW and is a member of the Institute of Company Directors and Governance Institute of Australia.

Remuneration Report - Audited

This Remuneration Report explains the Board's approach to executive remuneration and the remuneration outcomes for the Company's Key Management Personnel ('KMP') for the year ended 30 June 2023.

Overview

KMP includes all directors and executives who have responsibility for planning, directing, and controlling material activities of the Company. In this report 'executive' refers to KMP excluding Non-Executive Directors.

The Remuneration Report for the year ended 30 June 2023 has been prepared in accordance with section 300A of the Corporations Act 2001 and has been audited under Section 308(3C).

List of KMP

Directors	
Mr Stephen Targett	Independent Non-Executive Chairman
Mr Keith John	Managing Director
Mr Peter Hall	Independent Non-Executive Director
Ms Michelle d'Almeida	Independent Non-Executive Director
Mr Michael Smith	Independent Non-Executive Chairman (resigned as at 31 December 2022)
Ms Andrea Hall	Independent Non-Executive Director (resigned as at 16 February 2023)

Executives	
Ms Susan Symmons	Company Secretary
Ms Andrea Hoskins	Chief Operating Officer
Mr Barry Hartnett	Chief Financial Officer
Mr Joseph Terribile	Chief Information Officer (resigned as at 30 June 2023)

Remuneration policy and link to performance

In setting the Company's remuneration strategy, the Board is committed to a framework which:

- a) Motivates executives to deliver long term sustainable growth within an appropriate control framework;
- b) Demonstrates a clear and strong correlation between performance and remuneration; and
- c) Aligns the interests of executives with the Company's shareholders.

Structuring executive remuneration to align with the life of the assets Pioneer acquires is consistent with Pioneer's differentiated customer servicing approach and reflects the Board's commitment to maintaining an executive team that is focused on making decisions for the long-term benefit of the Company.

To achieve this, in part, the Board has determined that the Company will not award Short Term Incentives ('STIs') to any member of its executive or leadership teams.

Executives are incentivised based on Long Term Incentives ('LTIs') through the issue of securities (in the form of Performance and Indeterminate Rights ('Rights') or Ordinary Shares) under the Pioneer Credit Limited Equity Incentive Plan ('Plan').

The terms of the Rights, generally are:

- a) Rights vest over a period of 2 to 5 years;
- b) Rights are issued for Nil consideration;
- c) Performance Rights convert to Ordinary Shares in the capital of Pioneer on a one-for-one basis;
- d) Indeterminate Rights may convert to Ordinary Shares in the capital of Pioneer on a one-for-one basis or, alternatively, the Board may determine in its absolute discretion that a vested Indeterminate Right will be satisfied by the Company making a cash payment in lieu of allocating Ordinary Shares at the 5 day Volume Weighted Average Price ('VWAP') prior to each vesting date;
- e) Conditions may include the executive being employed at the vesting date and a minimum VWAP to be achieved before vesting occurs.

Performance

The following table shows the statutory key performance indicators of the Group over the last five years.

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Profit/(loss) for the year attributable to owners of the Group	166	(33,094)	(19,655)	(40,084)	4,281
Basic earnings (loss) per share (cents)	0.19	(40.48)	(30.43)	(63.36)	6.88
Dividend payments paid in financial year	-	-	-	-	7,476
Paid and relating to prior years 2H performance	-	-	-	-	4,752
Paid and relating to current year 1H performance	-	-	-	-	2,724
Dividend payout ratio	N/A	N/A	N/A	N/A	N/A
Closing share price	\$0.31	\$0.42	\$0.50	\$0.29	\$2.70
(Decrease) / Increase in share price	(26.2)%	(17.0)%	75.4%	(89.4)%	(14.8)%

Remuneration governance

The Board has a People, Remuneration and Nomination Committee ('PRNC') which was formed on 6 July 2022, merging the Remuneration and Nomination Committees. The PRNC has a Charter setting out its responsibilities and is supported by a robust internal framework, which includes:

- A strong and embedded corporate culture, built around the Pioneer Principles; and
- A Delegation of Authority that specifies delegations from the Board to the Managing Director and from the Managing Director to executive.

The elements of this framework are regularly reviewed and well understood throughout the Company.

Role of the PRNC

The PRNC is responsible for making recommendations to the Board on:

- Base salaries for executives, and Board and Committee fees for non-executive Directors; and
- The adequacy and structure of any incentives, including equity-based remuneration plans, and the quantum provided to executives.

The Committee reviews its remuneration strategy at least annually to ensure that remuneration structures are fair and support the attraction and retention of quality people who are aligned to, and can deliver on, the Company's strategy.

As required under the ASX Corporate Governance Principles, neither the Managing Director nor any other executive participates in any decision relating to their own remuneration, nor that of their peers.

The Corporate Governance Statement and the PRNC Charter provides full details of this Committee's role.

Use of remuneration consultants

To ensure the PRNC is fully informed when making decisions it will periodically seek external advice. Any appointment of an external advisor is made in accordance with the ASX Corporate Governance Principles.

The Company has previously engaged consultants to assist in the review of remuneration of its executives. In May 2022, a remuneration consultant was appointed with the intention to review and support an update of the LTI framework as part of our remuneration strategy.

Securities trading policy

The Securities Trading Policy imposes trading restrictions on all directors, employees, contractors and consultants who are considered to be in possession of market sensitive information.

The policy sets out prohibited trading periods which include:

- The 30-day period prior to, and 3-day period after, release of the full year and half year results; and
- The 30-day period prior to, and 3-day period after, the AGM.

Executives are prohibited from hedging their exposure to any securities held in the Company.

Executive remuneration

The Board recognises that satisfying appropriate remuneration expectations is important in attracting and retaining quality people.

As an acquirer of assets that typically liquidate over a period of up to 10 years, the Board recognises the importance of appropriately incentivising executives such that they are accountable for the most significant part of tenure of acquired assets. In that regard, executives are primarily incentivised with equity which vests over a medium time frame.

Structuring employee remuneration to align with the life of the assets Pioneer acquires is consistent with Pioneer's differentiated servicing approach and reflects the Board's commitment to maintaining an executive that is focused on making decisions for the long-term health of the Company.

Executives may be provided LTIs through the issue of Rights in the Company, which ensures executives are retained and incentivised to continue delivering sustainable long-term earnings of the Company.

In limited cases, the Board may recognise individuals by making an ex-gratia payment.

Fixed remuneration

Fixed remuneration consists of base salary and superannuation as per the Superannuation Guarantee (Administration) Act 1992.

The Managing Director reviews the performance of his executives by meeting each at least quarterly to discuss their performance, and then separately assesses the performance of the executive team. The review process is consultative in nature and contains an assessment of the executive's performance against their responsibilities and the Company's expectations.

The Chair meets regularly with the Managing Director to discuss all matters pertaining to the operations of the Company including individual performance, strategy, leadership, management, and financial performance. The Chair also obtains feedback from other Directors on the performance of the Managing Director, at least twice per year and provides that feedback back to him. The PRNC completes a formal performance evaluation of the Managing Director at least annually against the stated objectives.

Remuneration for all executives is reviewed at least annually. There is no guaranteed increase in any executive's employment contract.

Long term incentives

At the Annual General Meeting ('AGM') held on 29 October 2014, shareholders approved the Pioneer Credit Equity Incentive Plan ('the Plan'). At the 2017 and 2020 AGMs the Company refreshed the Plan under ASX Listing Rule 7.2 (Exception 13). The Plan will be put to shareholders at the 2023 Annual General Meeting to be refreshed again.

The Plan provides participants with an equity incentive that recognises their contribution to the achievement by the Company of its strategic goals and to provide a means of attracting, rewarding, and retaining skilled employees. Proposed grants of LTI are awarded after considering the performance of the executive over the previous 12 months, and then considered with the executive's relative value to the Company in the future.

The Plan is currently being modernised to provide executives and shareholders greater alignment of outcomes and clarity on what the targets are for any payment to be made under it, and the amount that will be paid on the achievement of targets. This intended change to the Plan, which has occurred on advice from the Company's remuneration consultants will be fully explained to, and where required, presented to shareholders for approval.

Long term incentive awards in place during the year

LTI awards were made under the Plan during the period as follows:

Instrument	Performance Rights for Ordinary Shares		
Quantum	250,000		
Grant Date	1 July 2022		
Key performance measures	Employment at vesting date		
Performance period	1 July 2022 to 1 July 2025		
Dividends	No dividends are paid on Performance Rights		
Fair value, vesting date and fully vested period schedule	\$54,375	1 July 2024	50%
	\$54,375	1 July 2025	50%

Non-Executive Director Arrangements

On appointment to the Board, each Non-Executive Director enters into an agreement with the Company which sets out the fixed fee policy for time and responsibilities, that are not linked to individual performance.

Non-Executive Directors fees for FY23 were:

- Chairman Fee \$160,000 (plus Superannuation)
- Audit and Risk Management Committee Chair \$120,000 (plus Superannuation)
- Non-Executive Director \$100,000 (plus Superannuation)

A Non-Executive Director is not entitled to receive any performance-based fee. They may be entitled to fees or other amounts, as the Board determines, where they perform duties outside the scope of their ordinary duties and are entitled to be reimbursed for out of pocket expenses reasonably incurred.

The maximum pool of non-executive director fees approved by shareholders at the 29 November 2018 AGM was \$800,000. Non-Executive Director fees have remained the same since 27 September 2017.

Statutory remuneration disclosures

The following tables details KMP remuneration in accordance with applicable accounting standards.

Statutory remuneration tables

Non-Executive Directors										
Year	Fixed remuneration				Variable remuneration					Total
	Cash salary	Non-monetary benefits	Annual & long service leave	Post-employment benefits	Termination benefits	Cash bonus	Post-employment benefits	Options	Indeterminate rights	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mr Stephen Targett										
2023	127,692	-	-	13,408	-	-	-	-	-	141,100
2022	100,000	-	-	10,000	-	-	-	-	-	110,000
Mr Peter Hall										
2023	106,692	-	-	11,203	-	-	-	-	-	117,895
2022	100,000	-	-	10,000	-	-	-	-	-	110,000
Ms Michelle d'Almeida										
2023	100,000	-	-	10,500	-	-	-	-	-	110,500
2022	100,000	-	-	10,000	-	-	-	-	-	110,000
Mr Michael Smith¹										
2023	86,154	-	-	9,046	-	-	-	-	-	95,200
2022	160,000	-	-	16,000	-	-	-	-	-	176,000
Ms Andrea Hall²										
2023	85,348	-	-	3,392	-	-	-	-	-	88,740
2022	120,000	-	-	12,000	-	-	-	-	-	132,000
Total										
2023	505,886	-	-	47,549	-	-	-	-	-	553,435
2022	580,000	-	-	58,000	-	-	-	-	-	638,000

¹ Mr Michael Smith resigned on 31 December 2022.

² Ms Andrea Hall resigned on 16 February 2023.

Executive Director										
Fixed remuneration					Variable remuneration					
Year	Cash salary	Non-monetary benefits	Annual & long service leave	Post-employment benefits	Termination benefits	Cash bonus	Post-employment benefits	Options	Indeterminate rights	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Mr Keith John										
2023	778,500	11,718	18,303	25,292	-	-	-	426,400	37,099	1,297,312
2022	777,623	12,906	20,807	27,500	-	-	-	426,400	274,734	1,539,970
Executive Key Management Personnel										
Fixed remuneration					Variable remuneration					
Year	Cash salary	Non-Monetary benefits	Annual & long service leave	Post-employment benefits	Termination benefits	Cash bonuses	Post-employment benefits	Options	Performance rights	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ms Susan Symmons¹										
2023	280,000	11,718	7,736	25,292	-	-	-	-	24,243	348,989
2022	295,894	12,906	41,495	27,500	-	-	-	-	20,547	398,342
Ms Andrea Hoskins										
2023	450,000	11,718	26,185	25,292	-	-	-	-	17,742	530,937
2022	446,000	12,906	25,436	27,500	-	-	-	-	68,054	579,896
Mr Barry Hartnett										
2023	450,000	11,718	52,121	25,292	-	-	-	-	101,143	640,274
2022	445,385	12,906	41,560	27,500	-	-	-	-	176,426	703,777
Mr Joseph Terribile²										
2023	320,000	77,254	12,009	25,292	-	-	-	-	-	434,555
2022	190,769	5,772	12,933	14,861	-	-	-	-	-	224,335
Mr Jason Musca³										
2023	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	91,172	-	-	-	91,172
Total										
2023	2,278,500	124,126	116,354	126,460	-	-	-	426,400	180,227	3,252,067
2022	2,155,671	57,396	142,231	124,861	91,172	-	-	426,400	539,761	3,537,492

¹Ms. Susan Symmons transitioned to 0.8 Full Time Equivalent during the 2022 financial year

²Mr. Joseph Terribile commenced effective 30 November 2022 and resigned on 30 June 2023.

³Mr. Jason Musca commenced effective 25 May 2020 and resigned effective 4 June 2022

Proportion of fixed and variable remuneration

The following table shows the proportion of remuneration that is fixed and that which is linked to performance:

Name		Fixed remuneration	At risk – STI	At risk – LTI
Executive Director				
Mr Keith John	2023	64%	-	36%
Executive Key Management Personnel				
Ms Susan Symmons	2023	93%	-	7%
Ms Andrea Hoskins	2023	97%	-	3%
Mr Barry Hartnett	2023	84%	-	16%
Mr. Joseph Terribile	2023	100%	-	-

Contractual arrangements with senior executives

The terms of employment for the Company's executives are formalised in service agreements. There are no benefits payable to any executive on termination. The significant provisions of each service agreement are:

Employee	Position	Salary	Term of agreement and notice period
Mr Keith John	Managing Director	\$778,500 per annum plus superannuation	Continuing agreement with 12 months' notice by either party
Ms Susan Symmons	Company Secretary	\$350,000 per annum plus superannuation pro-rata on a 0.8 FTE basis	Continuing agreement with 3 months' notice by either party
Ms Andrea Hoskins	Chief Operating Officer	\$450,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Barry Hartnett	Chief Financial Officer	\$450,000 per annum plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Joseph Terribile	Chief Information Officer	\$320,000 per annum plus superannuation	Continuing agreement with 3 months' notice by either party

1. Security holdings held by KMP

The tables below show the number of Rights, Options and Ordinary Shares in the Company held during the financial year by KMP and entities related to them.

Performance rights or indeterminate rights

Name	Balance at the start of the year	Granted	Vested	Forfeit	Balance at the end of the year	Unvested
Indeterminate Rights						
Executive Director						
Mr Keith John	450,000	-	(375,000)	-	75,000	75,000
Performance Rights						
Executive Key Management Personnel						
Ms Susan Symmons	325,500	50,000	(7,500)	-	368,000	368,000
Mr Barry Hartnett	1,542,500	-	(35,000)	-	1,507,500	1,507,500
Ms Andrea Hoskins	600,000	-	-	-	600,000	600,000
Mr Joseph Terribile ¹	-	-	-	-	-	-
Total	2,918,000	50,000	(417,500)	-	2,550,500	2,550,500

¹ Mr Joseph Terribile commenced effective 30 November 2022 and resigned on 30 June 2023.

Listed Options

These options were issued where a member of KMP participated in the Company's priority offer completed on 18 May 2022. These options have an exercise price of \$0.80 and expire on 31 March 2025.

Name	Balance at the start of the year	Issued	Other	Balance at the end of the year
Non-Executive Directors				
Mr Stephen Targett	136,363	-	-	136,363
Mr Peter Hall	-	-	-	-
Ms Michelle d'Almeida	36,363	-	-	36,363
Ms Andrea Hall ¹	-	-	-	-
Mr Michael Smith ²	36,365	-	(36,365)	-
Total – Non-Executive Directors	209,091	-	(36,365)	172,726
Executive Director				
Mr Keith John ³	2,727,273	-	1,800,000	4,527,273
Executive Key Management Personnel				
Ms Susan Symmons	36,363	-	-	36,363
Mr Barry Hartnett	454,545	-	-	454,545
Ms Andrea Hoskins	272,727	-	-	272,727
Mr Joseph Terribile ⁴	272,727	-	(272,727)	-
Total – Executive Key Management Personnel	3,763,635	-	-	5,290,908
Total held by KMP	3,972,726	-	1,490,908	5,463,634

¹ Ms Andrea Hall resigned on 16 February 2023

² Mr Michael Smith resigned on 31 December 2022. These options continue to be held by him at the date of this report

³ Entities related to Mr Keith John purchased options on-market during the year

⁴ Mr Joseph Terribile commenced effective 30 November 2022 and resigned on 30 June 2023.

Share Purchase Facility

250,000 Ordinary Shares remain from the shares issued to executives (excluding the Managing Director) under a share purchase facility of 18 July 2017. The key terms are:

- The price of each Share was equal to the 5-day VWAP as at 1 July 2017 (namely \$2.2864);
- The facility accrues interest at normal commercial rates;
- The shares are secured for the benefit of the Company.
- All dividends paid on any Shares owned by the executive will be applied in full against the facility; and
- The facility is not recognised as a loan as the Company only has recourse to the value of the Shares.

Name	Balance at the start of the year	Granted as compensation	Repaid during the year	Balance at the end of the year
Executive Key Management Personnel				
Ms Susan Symmons	250,000	-	-	250,000

Management Loans

In May 2022, Loans were issued to four executives for the purposes of acquiring shares under the Priority Offer completed on 18 May 2022. The shares were issued at a purchase price of \$0.55 with an attaching Listed Option on a 1 for 1 basis, with an exercise price of \$0.80 expiring in March 2025.

The loans are on a full recourse basis, with interest payable monthly at a rate of 5% per annum and are secured by the underlying shares.

The Company engaged an external advisor to confirm that the transaction was of an arm's length nature and no employee benefits have been recognised in relation to the loan or share transaction.

Joe Terribile ceased employment on 30 June 2023. It was agreed by the Board his shares would be repurchased by the company at a 5 day VWAP prior to 30 June 2023 and the balance of the loan be written off with no further recourse to him. The value of the portion written off was \$65,536.

Name	Balance at the start of the year	Interest paid for the year	Loans extinguished	Balance at the end of the year
Mr Keith John	1,500,000	75,103	-	1,500,000
Mr Barry Hartnett	250,000	12,517	-	250,000
Ms Andrea Hoskins	150,000	7,510	-	150,000
Mr Joseph Terribile	150,000	7,510	(150,000) ¹	-
Total	2,050,000	102,640	(150,000)	1,900,000

¹ Includes loan write-off of \$65,536

Unlisted Options

Name	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year	Vested	Unvested
Executive Director							
Mr Keith John	8,000,000	-	-	-	8,000,000	5,000,000	3,000,000

Shareholdings

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
	\$	\$	\$
Non-Executive Directors			
Mr Stephen Targett	136,363	-	136,363
Mr Peter Hall	-	225,000	225,000
Ms Michelle d'Almeida	36,363	-	36,363
Mr Michael Smith ¹	882,305	(882,305)	-
Ms Andrea Hall ²	97,887	(97,887)	-
Total – Non-Executive Directors	1,152,918	(755,192)	397,726
Executive Director			
Mr Keith John	11,242,934	1,030,000	12,272,934
Executive Key Management Personnel			
Ms Susan Symmons	497,570	15,834	513,404
Mr Barry Hartnett	773,370	160,000	933,370
Ms Andrea Hoskins	272,727	125,000	397,727
Mr Joseph Terribile ³	272,727	(272,727)	-
Total – Executive Key Management Personnel	13,059,328	1,058,107	14,117,435
Total held by the KMP	14,212,246	302,915	14,515,161

¹ Mr Michael Smith resigned on 31 December 2022. These shares continue to be held by him at the date of this report

² Ms Andrea Hall resigned on 16 February 2023 and this was the balance of her shareholding as at this date.

³ Mr Joseph Terribile commenced effective 30 November 2022 and resigned on 30 June 2023.

2. Other transactions with KMP

During the year, the Company renegotiated its lease at 108 St Georges Terrace. As part of the lease negotiations a fit-out incentive was provided. Alana John Design, a design firm owned by the Managing Director's wife was appointed to design and project manage the fit out of the leased space following a competitive process to select a firm, which the Managing Director was not a part of. Alana John Design was selected based on its understanding of the office premises, having designed and project managed the original fit out six years earlier. Alana John Design was paid \$67,561 (inclusive of GST) for these services.

Loans from related parties

Mr Keith John provided a short-term unsecured loan to the Company in the amount of \$400,000 on 23 February 2023. The loan was provided at 0% interest rates, and with no fees payable under any circumstance. The loan was repaid on 19 April 2023.

The Company has calculated that the interest payable would have been \$2,123 if this transaction was on an arm's length basis.

END OF REMUNERATION REPORT

Insurance of officers

During the year the Company paid a premium to insure its Directors and Officers.

The exposures insured include legal costs that may be incurred in defending proceedings that may be brought against people in their capacity as officers of the Group, and any other payments arising from liabilities incurred in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty or the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

RSM Australia Partners ('RSM') were appointed auditors on 2 November 2022.

The Company may decide to engage the auditor for matters additional to their statutory audit duties.

During the year ended 30 June 2023, RSM did not provide the group any non-audit services.

The Board has considered advice received from the Audit and Risk Management Committee ('ARMC'), and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 because:

- All non-audit services have been reviewed by the ARMC to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

A copy of the Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is on page 33.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Stephen Targett
Chairman

Perth
28 August 2023



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Pioneer Credit Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 28 August 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Corporate Governance Statement

The Board of Directors is committed to achieving the highest standards of corporate governance and has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Corporate Governance Statement is dated 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year and was approved by the Board on 28 August 2023. The Group's Corporate Governance Statement can be viewed at:

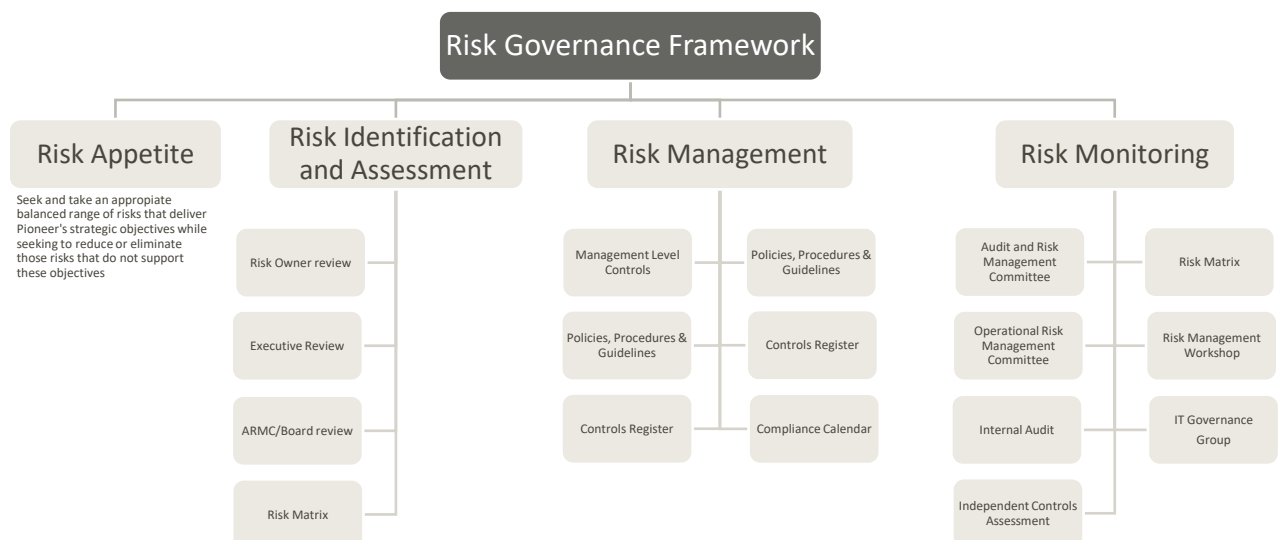
<https://pioneercredit.com.au/corporate/governance>

Risk Management Framework

The overall risk appetite of Pioneer is to seek and take an appropriate and balanced range of risks that deliver Pioneer's strategic objectives while seeking to reduce or eliminate those risks that do not support these objectives, where it is cost effective to do so.

In managing Pioneer's risk exposure and in promoting a consistent manner in which activities and processes are being undertaken across the Company, the following are in place to facilitate this alignment:

- Policies, Procedures & Guidelines
- Management Level Controls
- Controls Register
- Compliance Obligations Register
- Compliance Calendar
- Risk Monitoring
- Internal Audit



Policies, Procedures & Guidelines

In addition to those policies recommended by the ASX Corporate Governance Council Guidelines (e.g., Board and Committee Charters, Code of Conduct, Conflict of Interest Policy, Risk Management Policy, and Whistleblower Policy), policies, procedures & guidelines are in place across all key processes and business areas to facilitate the following:

- Consistency in the manner processes are undertaken and controls adopted, leading to predictable/ repeatable results;
- Continuity in the process being performed from one individual to the next, especially where processes / controls are being performed by one or a handful of individuals (i.e. to reduce exposure to key dependency risk); and
- Efficiency in executing a process by reducing (where possible) uncertainty and ambiguity.

Management Level Controls

As part of Pioneer's Line of Defence ('LOD') model, management level controls (i.e. preventative and detective manual / system controls) are implemented to provide internal / external stakeholders with a level of comfort that key processes are being undertaken as intended (i.e. 1st LOD). These controls are captured within Pioneer's Controls Register.

Controls Register

Pioneer has a Controls Register that document existing key controls and corresponding risk / obligations, in providing visibility on the adequacy of controls in place to mitigating existing / emerging key risks, or in complying with applicable regulatory and contractual obligations. The Controls Register establishes accountabilities and facilitates monitoring and reporting activities, as part of Pioneer's risk governance framework and LOD model.

Compliance Obligations Register

Pioneer's Compliance Obligations Register is a tool that management and the Audit & Risk Management Committee monitor compliance obligations throughout and ensure that these obligations are met.

Compliance Calendar

Pioneer's Compliance Calendar is a tool that the ARMC uses to ensure that its obligation to review and consider Compliance related matters is maintained. The Calendar sets out the Committee's timetable for the coming year and allocates time to review various areas of compliance and their frequency.

Risk Monitoring

In ensuring that Pioneer's activities are conducted in a manner that is consistent with its risk appetite, the following forums and monitoring initiatives have been implemented:

- Audit & Risk Management Committee
- Operational Risk Management Sub-Committee
- Executive Leadership Group
- Information Technology Governance Group

A quarterly risk review process is undertaken with all Risk Owners to ensure the ongoing identification, assessment and monitoring of risk.

Independent Controls Assessment

In assessing if the controls captured with the Controls Register described above continues to be effectively designed (in mitigating key risks and complying with obligations), and effectively operated (i.e. being conducted in the manner and frequency required), periodic control assessments are undertaken by independent personnel (i.e. Operational Risk Management team). This forms part of Pioneer's LOD model (i.e. 2nd LOD).

The scope, frequency and approach of these periodic control assessments are clearly defined on the Controls Register against each respective control.

Internal Audit

The Company has a Head of Risk and Compliance who manages the Internal Audit Program and ensures the Company's business processes are independently evaluated. Internal audits are co-sourced with an external provider to obtain specialist resources where appropriate. This initiative forms part of Pioneer's LOD model (i.e. 3rd LOD).

Pioneer Credit Limited ABN 44 103 003 505

Annual Report

For the year ended 30 June 2023

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Consolidated statement of financial position

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	13	8,410	23,071
Trade and other receivables	14	1,490	6,174
Other current assets	18	693	979
Current tax asset		3	3
Purchased debt portfolio	15	106,096	96,298
Total current assets		116,692	126,525
Non-current assets			
Property, plant and equipment	16	681	804
Intangible assets	16	489	958
Right of use assets	17	7,419	8,446
Other non-current assets	18	3,286	3,504
Purchased debt portfolio	15	198,187	199,218
Total non-current assets		210,062	212,930
Total assets		326,754	339,455
LIABILITIES			
Current liabilities			
Trade and other payables and liabilities	20	6,145	28,721
Borrowings	19	11,335	20,378
Provisions	21	2,082	1,971
Lease liabilities	17	1,116	961
Total current liabilities		20,678	52,031
Non-current liabilities			
Borrowings	19	255,119	236,283
Lease liabilities	17	8,153	9,090
Provisions	21	872	971
Total non-current liabilities		264,144	246,344
Total liabilities		284,822	298,375
Net assets		41,932	41,080

EQUITY			
Contributed equity	24	103,755	103,589
Reserves	24	10,065	9,545
Accumulated losses		(71,888)	(72,054)
Capital and reserves attributable to owners of Pioneer Credit Limited		41,932	41,080
Total equity		41,932	41,080

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of profit or loss and other comprehensive income

		2023	2022
	Note	\$'000	\$'000
Continuing operations			
Interest income at amortised cost	15	73,709	62,574
Net impairment gain/(loss) on PDPs	15	3,767	(8,913)
Other income	8	5,261	653
		82,737	54,314
Employee expenses	11	(34,365)	(33,176)
Finance expenses	9	(33,839)	(39,131)
Direct liquidation expenses		(3,572)	(2,691)
Information technology and communications		(3,456)	(3,490)
Depreciation and amortisation		(2,229)	(2,822)
Consultancy and professional fees		(1,741)	(2,503)
Other expenses	10	(3,365)	(3,549)
Gain on lease modification		-	7
Profit/(loss) before income tax		170	(33,041)
Income tax expense	12	(4)	(53)
Profit/(loss) after income tax expense for the year		166	(33,094)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		41	-
Other comprehensive income for the year, net of tax		41	-
Total comprehensive profit/(loss) for the year		207	(33,094)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Pioneer Credit Limited		207	(33,094)
Earnings/(loss) per share			
Basic (cents per share)	32	0.19	(40.48)
Diluted (cents per share)	32	0.17	(40.48)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

		Contributed Equity	Share Based Payment Reserve	Warrant Reserve	Other Reserves	Retained Earnings	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		81,755	6,414	5,460	-	(38,960)	54,669
Total comprehensive (loss)/income for the year		-	-	-	-	(33,094)	(33,094)
Transactions with owners in their capacity as owners:							
Issue of shares		20,908	-	-	-	-	20,908
Treasury share acquired		(2,370)	-	-	-	-	(2,370)
Share based payments		-	1,126	-	-	-	1,126
Issue of treasury shares to employees		525	(525)	-	-	-	-
Warrants converted		2,771	-	(2,771)	-	-	-
Foreign currency conversion		-	-	-	(159)	-	(159)
		21,834	601	(2,771)	(159)	-	19,505
Balance at 30 June 2022	24	103,589	7,015	2,689	(159)	(72,054)	41,080
Balance at 1 July 2022		103,589	7,015	2,689	(159)	(72,054)	41,080
Profit after income tax expense for the year		-	-	-	-	166	166
Other comprehensive income for the year net of tax		-	-	-	41	-	41
Total comprehensive income for the year		-	-	-	41	166	207
Transactions with owners in their capacity as owners:							
Issue of shares	24	-	-	-	-	-	-
Treasury share acquired	24	(84)	-	-	-	-	(84)
Share based payments	11	-	729	-	-	-	729
Issue of treasury shares to employees	24	250	(250)	-	-	-	-
Warrants converted	24	-	-	-	-	-	-
		166	479	-	-	-	645
Balance at 30 June 2023	24	103,755	7,494	2,689	(118)	(71,888)	41,932

Consolidated statement of cash flows

		2023	2022
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from liquidations of PDPs and services (inclusive of goods and services tax)		138,840	106,739
Payments to suppliers and employees (inclusive of goods and services tax)		(47,387)	(52,036)
		91,453	54,703
Interest received		182	22
Interest paid		(30,047)	(25,730)
Net income taxation (paid)		(5)	(3)
Cash flows from operating activities before changes in operating assets		61,583	28,992
Acquisitions of PDPs		(81,546)	(75,750)
Net cash outflow used in operating activities	13	(19,963)	(46,758)
Cash flows from investing activities			
Payments for property, plant and equipment		(256)	(696)
Payments for intangible assets		(222)	(116)
Net cash outflow from investing activities		(478)	(812)
Cash flows from financing activities			
Proceeds from borrowings		21,393	233,163
Repayment of borrowings		(14,003)	(174,154)
Payments for third party financing transaction costs		-	(6,716)
Proceeds from issue of ordinary shares net of issue costs		-	12,544
Lease payments		(1,610)	(2,199)
(Payments) from Treasury shares and KMP loan		-	(2,370)
Net cash flow from financing activities		5,780	60,268
Net (decrease)/increase in cash and cash equivalents		(14,661)	12,698
Cash and cash equivalents at the beginning of the financial year		23,071	10,373
Cash and cash equivalents at the end of the financial year		8,410	23,071

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1. Reporting entity

The Consolidated Financial Statements for the financial year ended 30 June 2023 comprise Pioneer Credit Limited (the 'Company'), which is a "for-profit-entity" and a Company domiciled in Australia and its subsidiaries (collectively, referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group's principal activities over the financial year were acquiring and servicing Purchased Debt Portfolio's ('PDP's'). The Company's principal place of business is Level 6, 108 St Georges Terrace, Perth, Western Australia.

2. Basis of preparation

a) Statement of compliance

The Financial Report complies with Australian Accounting Standards and International Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The Financial Report is a general-purpose financial report, for a "for-profit-entity" which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other pronouncements of the *Australian Accounting Standards Board*.

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 28 August 2023.

b) Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis and where applicable at fair value for certain financial assets and financial liabilities.

c) Functional and presentation currency

These Consolidated Financial Statements are presented in Australian Dollars ('AUD').

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 31 March 2016, and in accordance, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars (\$000's) unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with AASB requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have the most significant effect to the amounts recognised in the Financial Statements or which may result in a material adjustment within the next financial year are included in the following note:

Note 15 (p.71) - Purchased debt portfolios ('PDP's')

Note 17 (p.76) – Leases

e) Taxation

Deferred income taxes arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating the Company's ability to recover deferred tax assets, management considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, the results of recent operations and events occurring after reporting date. The assumptions about future taxable income, including PDP liquidations, require the use of significant judgement and may ultimately vary from management's best estimate.

f) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

g) Adoption of new and revised Accounting Standards

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

New Standard	Overview of Changes
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of a liability.
Amendment to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction.	The IASB issued a target amendment to IAS 12 (which is the base text of AASB 112) to further narrow down the scope of the recognition exemption in relation to the accounting for deferred taxes arising on transactions for which companies recognise both an asset and liability at the same time (for example, lease liabilities and right-of-use assets). The amendment specifies that companies are required to recognise deferred tax on such transactions, and that the DTA and DTL arising should not be offset unless the usual conditions for offsetting are met. It is expected that the AASB would issue the equivalent amendments to AASB 112.
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.	<p>This amending Standard impacts a number of standards:</p> <ul style="list-style-type: none"> • AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; • AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates; • AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and • AASB Practice Statement 2, providing guidance on how to apply the concept of materiality to accounting policy disclosures.

h) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Going Concern

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 30 June 2023, the Group generated a net profit after tax of \$0.17m (30 June 2022: loss \$33.1m) and has net current assets of \$96.0m (30 June 2022: \$74.5m).

The Directors believe that it is appropriate to continue to adopt the going concern basis of preparation as per the detailed cash flow forecast prepared by Management. The cash flow forecast indicates that the Group expects to have sufficient working capital and other funds available to continue for at least the next twelve-month period ending 31 August 2024, including satisfying financial covenants and other compliance obligations relating to its Senior Debt Facility ('**Facility**') and Medium Term Notes ('**MTNs**').

The key assumptions that have been used to derive the detailed cashflow forecast include:

- Ongoing PDP acquisitions funded from a combination of the senior debt facility and free cash;
- Continued PDP cash collections;
- Portfolio sales, in line with the Company's capital management strategy;
- Remediation programs from various partner vendors;
- Operational FTE recruitment; and,
- Expense management

The Facility and MTNs contain covenants which are closely linked to the carrying value of the PDPs and are highly sensitive to the level and timing of PDP acquisitions, cash collections, and sales. Should a breach of a finance covenant or undertaking appear likely to occur, the Group has options available to ensure compliance, beyond increasing cash collections of PDPs. These include, but are not limited to; seeking a waiver of any likely breach from the financiers; raising funds through an equity issue; and sales of non-core assets or part of its PDP portfolio.

Our going concern forecast model includes assumptions relating to recoverability of ongoing remediation programs from various vendor partners. In the event these do not eventuate to the extent

forecasted, the group anticipates these would not have an adverse impact on the going concern assumptions. In the event this does, the group has the levers available as mentioned above.

In the event that a breach of a covenant is not waived by the financiers or prevented through one or a combination of the above options, an event of default would occur, and the financiers could declare all or part of the Group's facilities to be due and payable on demand.

Whilst Directors recognise that the key assumptions underpinning the cash flow forecast are subject to future events, some of which are beyond the direct control of the Group, Directors have assessed the cash flow forecast and believe that it is appropriate that the Group continues to prepare its financial report on the going concern basis.

4. Significant events occurring in the current reporting period

There were no significant events that occurred during the current reporting period.

5. Significant accounting policies

a) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited as at 30 June 2023. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the ('Group') or the ('Company').

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations undertaken by the Group. Inter transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

b) Income tax

The income tax expense for the period is the tax payable on the current period's income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group has implemented the tax consolidation legislation and its entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

d) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less loss allowance. Trade receivables are generally due for settlement within 30 days. Trade and other receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles over a 12-month period before 30 June 2023 and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Refer to note 6 for detailed Impairment methodology for trade receivables.

e) Purchased Debt Portfolios

Classifying PDPs at amortised cost and the use of the effective interest rate ('EIR') method requires the Group to estimate future cash flows from PDPs at purchase date and at each balance sheet date.

Cash flow projections are made at the tranche level because these are substantially homogeneous. Cash flow forecasts are generated using statistical cash flow projection models incorporating many factors which are formed by customer and account level data, payment arrangement data and the Group's historical experience with accounts which have similar key attributes. Tranches are assumed to have a maximum life of up to 15 years depending on the characteristics of the tranche.

Management reviews the models on a total portfolio basis to consider factors which have impacted historical or will impact future performance and where necessary cash flows are calibrated to consider these factors.

If total forecast cash flow projections utilised in determining the value of the portfolio were to change by $\pm 5\%$, the carrying value of PDPs at 30 June 2023 of \$304.3m would change by \$13.1m in a downside scenario and \$12.9m in an upside scenario. An increase or decrease in the carrying value of PDPs, is recognised in the statement of profit or loss at that point in time as an impairment gain or loss.

f) Property, plant, and equipment

All property, plant and equipment acquired are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period and an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation methods and useful lives

Depreciation of property, plant and equipment is calculated using the diminishing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Certain leasehold improvements and leased plant and equipment are depreciated on a straight line basis over the term of the lease.

Plant and equipment	15% - 68%
Furniture, fittings, and equipment	15% - 50%
Leasehold improvements	20% - 50%

g) Intangible assets

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use it
- There is an ability to use the software

- It can be demonstrated how the software will generate probable future economic benefits, adequate technical, financial, and other resources to complete the development and to use the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

h) Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable and variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. In calculating the quantum of a substantial modification, the incremental borrowing rate is reset at the date of modification of the lease.

Short-term leases and leases of low-value assets

The Group applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases (less than 12 months) and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

j) Borrowings

All borrowings are initially recognised at fair value which is usually their principal amount, net of directly attributable transaction costs incurred. After initial recognition, borrowings and interest are measured at amortised cost using the effective interest rate method. Where the Group's borrowings include floating rate instruments, the Group recognises borrowings initially at the principal amount owing net of directly attributable transaction costs incurred. Where the simplified approach is taken for floating rate instruments, the directly attributable transaction costs are amortised on a straight-line basis over the term of the facility.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

k) Derivative liabilities

Derivative liabilities are accounted for at fair value through profit or loss. They are presented as current to the extent they are expected to be settled within 12 months after the end of the reporting period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host where some of the cash flows of the combined instrument vary in a way similar to a standalone derivative, causing some or all of the cash flows under the contract to be modified according to a specific financial variable i.e. share price movement. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

l) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources

will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

m) Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits such as annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long service leave

Liabilities for long service leave are not generally expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using rates published in the 'Group of 100 Discount Rate Report and Discount Curve'. Re-measurement as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Share-based payments

The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

n) Contributed equity

Ordinary shares issued are classified as equity

Where Pioneer Credit purchases the Company's equity instruments as a result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Pioneer Credit as treasury shares. Shares held in Pioneer Credit Limited Equity Incentive Plan Trust are disclosed as treasury shares and deducted from contributed equity.

o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- a) the profit attributable to owners of the Company, excluding any costs of servicing equity other than Ordinary shares; by
- b) the weighted average number of Ordinary shares outstanding during the financial year, adjusted for bonus elements in Ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

If basic earnings per share is a loss per share, then diluted earnings per share will reflect the same loss per share as basic earnings per share, regardless of all dilutive potential Ordinary shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- the after income tax effect of interest and other financing costs associated with dilutive potential Ordinary shares; and
- the weighted average number of additional Ordinary shares that would have been outstanding assuming the conversion of all dilutive potential Ordinary shares.

p) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority in which case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis.

q) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

r) Government grants

Grants that compensate the Group for expenses incurred are recognised through profit or loss on a systematic basis in the periods in which the expenses are recognised.

To the extent that any of the Group entities are eligible to participate in the Government stimulus packages in the wake of COVID, receipts have been accounted for as government grants and are presented as a reduction of the related employee costs and not revenue.

s) Foreign Currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all significant resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income.

6. Financial risk management

The Group's activities expose it to a variety of risks. Consequently, its overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is the responsibility of Key Management Personnel. Policies approved by the Board ensure that total risk exposure is consistent with the Group strategy, is in line with covenants and is within internal risk tolerance guidelines.

The Group uses different methods to measure the different types of risk to which it is exposed which include sensitivity analysis of interest rates, preparation, and review of ageing analysis for credit risk and projected cash flow analysis across the portfolio to manage the risk associated with financial assets and liabilities.

The main risks the Group is exposed to through its financial instruments are market risk, liquidity risk and credit risk.

The Group periodically considers the need to make use of derivative financial instruments and hedging arrangements to manage interest rate risk. There are currently no such arrangements in place.

The following table lists financial assets and liabilities, interest rate type and carrying value.

	Interest rate	2023	2022
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	Variable	8,410	23,071
Purchased Debt Portfolios	Fixed	304,283	295,516
Financial liabilities			
Borrowings – before transaction costs:			
Senior financier	Variable	208,893	199,573
Medium term notes	Variable	53,345	53,394
Other loans	Fixed	352	502

Market risk management

Interest Rate Risk

Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main interest rate risk arises from long term loans and borrowings issued at both fixed and variable interest rates. The Group's fixed rate PDP's and receivables are carried at amortised cost and not subject to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. In undertaking this analysis, the group considers a wide range of economic papers on projected interest rate movements to inform risk management processes. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift and cashflow requirements under existing financing arrangements. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum loss potential is within the limit given by management.

To manage interest rate and credit risk arising from the investment in PDPs, the Group undertakes pricing analysis prior to committing to any investment. This analysis includes consideration of information supplied under due diligence, as well as macro and micro economic elements to which senior executives' experience and judgement is applied. In many instances there is knowledge of the expected performance of portfolios with similar characteristics, however ultimately cash flows may differ to these expected.

Currency Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

New Zealand operations expose the Group to foreign exchange risk. This may result in the fair value of financial assets and liabilities fluctuating due to movements in exchange rates. Fluctuations in the New Zealand dollar relative to the Australian dollar may impact the Group's financial results, though the impact of reasonably foreseeable exchange rate movements are unlikely to be material.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset, including the risk of compliance with covenants. A breach in covenant could potentially result in financiers calling the debt, if not remedied within the agreed timeframe. The Group has several options available to improve the liquidity position, such as ceasing to buy PDPs, raising funds through an equity raise, and selling non-core assets or part of its PDP portfolio.

PDP risk is the risk that the Group will be impacted by its ability to acquire new PDPs at sustainable pricing, potentially impacting the future cash flow projections of the Group.

Prudent liquidity risk management requires maintaining sufficient cash reserves and debt funding to meet obligations when due and through maintaining a reputable credit profile.

Management monitors forecasts of the Group's liquidity reserve based on expected cash flow. Cash flow is forecast on a day-to-day basis to ensure that sufficient funds are available to meet requirements.

Maturities of financial liabilities

The following table reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows represented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Carrying amount
	\$'000	\$'000	\$'000	\$'000
At 30 June 2023				
Trade and other payables	6,145	-	-	6,145
Borrowings	11,335	9,051	246,068	266,454
	17,480	9,051	246,068	272,599
At 30 June 2022				
Trade and other payables	28,721	-	-	28,721
Borrowings	20,378	11,821	224,462	256,661
	49,099	11,821	224,462	285,382

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, credit exposure to customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis. For corporate customers, management assesses the credit quality of the customer. Individual risk limits are set by the Board.

Purchased or originated credit-impaired financial assets ('POCI') are financial assets classified at amortised cost that are purchased or originated at a deep discount that reflects incurred credit losses. At initial recognition, POCI assets do not carry a separate impairment allowance; instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

At 30 June 2023 there were no material trade receivables that were past due and there are no trade receivables that are in default. The Group's trade receivables and consumer loans are subject to AASB 9's expected credit loss ('ECL') model for recognising and measuring impairment of financial assets.

Given the nature of credit-impaired financial assets, the ultimate cash received may differ to the amount recorded.

Impairment of trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratio. As a result, the ultimate cash received may differ to the amount recorded.

Judgement has been applied on a forward-looking basis to assess the expected credit losses associated with its financial assets carried at amortised cost.

The following table details the loss allowance balance and movement.

Trade and other receivables	2023	2022
	\$'000	\$'000
Opening loss allowance as at 1 July	98	68
Increase / (Decrease) in provision for loss allowance	(67)	38
Amounts written-off during the period	(0)	(8)
Loss allowance at 30 June	31	98

The Group recognises a lifetime expected credit loss for trade receivables. The expected credit loss on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. Grid 1 contains those receivables that have a positive repayment history, made up of government funded agencies, listed financial institutions and other listed public entities. Grid 2 contains all other receivables made up of SME businesses, individuals, and other unlisted financial service providers.

Days past due	0-30	31-60	61-90	91-120	121-150	Over 150	Total
Expected Credit Loss Rates							
Grid 1	5.24%	8.91%	19.40%	30.24%	33.25%	36.79%	
Grid 2	9.93%	12.04%	13.65%	20.61%	22.68%	26.10%	
Gross Carrying Amounts							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Grid 1	224	-	-	-	11	(9)	226
Grid 2	175	4	2	0	0	-	181
Lifetime expected loss	29	0	0	0	4	(3)	30

7. Segment information

For management purposes, the Company is organised into one main business segment, which is the provisions of financial services specialising in acquiring and servicing PDP's. All significant operating decisions are based upon analysis of the Company as one segment which is reviewed weekly by the KMP (Managing Director, Company Secretary, Chief Operating Officer, Chief Financial Officer, and Chief Information Officer) who is the Chief Operating Decision Maker. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

8. Other income

	2023	2022
	\$'000	\$'000
Fees for services	215	577
Interest Income	186	22
Other ¹	4,860	54
	5,261	653

¹ Other income is predominantly remediation payments made by Pioneers vendors across multiple products, tranches and vintages (year of PDP investment).

9. Finance expenses

	2023	2022
	\$'000	\$'000
Bank fees and borrowing expenses	577	2,837
Gain on modification of MTN ¹	-	(122)
Loss on derecognition of SFA ¹	-	1,332
Break fees	-	6,300
Commitment fees	-	166
Interest and finance charges paid/payable for financial liabilities not at fair value	32,593	28,072
Lease liability	669	546
	33,839	39,131

¹Refer to Note 19 – Borrowings for further information.

10. Other expenses

	2023	2022
	\$'000	\$'000
Occupancy costs	970	1,054
Administration expenses	2,012	2,018
Other	449	448
Impairment of tangible and intangible assets	(66)	29
	3,365	3,549

11. Employee expenses

	2023	2022
	\$'000	\$'000
Wages and salaries	28,676	27,216
Superannuation	2,532	2,330
Change in liabilities for employee benefits	60	92
Share-based payment transactions	729	1,126
Other associated personnel expenses	2,368	2,412
	34,365	33,176

12. Income tax

Income tax recognised in profit or loss

	2023	2022
	\$'000	\$'000
Current tax on profits for the year	4	-
Adjustments for current tax and deferred tax of prior periods	-	50
Deferred tax (benefit) expense	-	3
Income tax expense (benefit) expense	4	53
Deferred income tax expense / (income) included in income tax expense comprises:		
(Decrease)/increase direct to equity	-	-
Decrease/(increase) in deferred tax assets of prior years	-	-
Decrease/(increase) in deferred tax assets	-	-
	-	-

Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
	\$'000	\$'000
Profit/(loss) from operations before income tax expense	170	(33,041)
Tax at the Australian tax rate of 30.0% (FY22: 30.0%)	51	(9,912)
Non-deductible entertainment costs	68	58
Non-deductible share based payments	219	338
Under / (over) provision for prior year current and deferred taxation	-	50
Employee share scheme	-	(711)
Other non-deductible expenses and assessable income	(18)	8
Tax losses not recognised as a deferred tax asset	(316)	10,222
Income tax (benefit) / expense	4	53

Deferred tax assets and liabilities

	2023	2022
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	428	421
Retirement benefit obligations (superannuation payable)	-	28
	428	449
Other accrued expenses (audit, accounting, payroll tax)	112	159
Other temporary differences (formation costs, legal and other professional costs, fixed and intangible timings)	22,828	1,674
Prepayments	(17)	(19)
Provision for impairment (PDPs) through profit or loss	1,099	2,229
Provision for impairment (PDPs) through equity	-	-
Provision for leases	555	505
Deferred tax assets not recognised	(25,005)	(4,548)
	-	-
Net deferred tax assets	-	-

13. Cash and cash equivalents

a) Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank	8,410	23,071
	8,410	23,071

b) Reconciliation of profit after income tax to net cash inflow from operating activities

	2023	2022
	\$'000	\$'000
(Loss)/Profit for the period	166	(33,094)
<i>Non-cash items in profit or loss:</i>		
Foreign currency translation	41	4
Other non-cash expenses	(134)	566
Lease Liability Interest accrual	669	356
Impairment of tangible and intangible assets	(66)	29
Non-cash employee benefits expense	842	1,268
Other non-cash items		
Income tax expense	4	-
Depreciation and amortisation	2,229	2,822
Interest and transaction costs	2,546	1,596
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	4,750	(5,319)
PDPs	(8,767)	(44,153)
Deferred tax assets	-	-
Other assets	502	(161)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables and liabilities	(22,397)	23,251
Interest payable	(336)	6,355
Income tax payable	-	(50)
Provisions	(12)	(228)
Net cash flow inflow used in operating activities before changes in operating assets	(19,963)	(46,758)

c) Non-cash investing and financing activities

	2023	2022
	\$'000	\$'000
MTN to equity swap	-	4,500
Refinancing transaction fees equity swap	-	1,940
Other – KMP Loans	-	2,050

14. Trade and other receivables

	2023	2022
	\$'000	\$'000
Trade receivables	468	547
Other receivables	1,022	5,627
	1,490	6,174

15. Purchased debt portfolios

	2023	2022
	\$'000	\$'000
Current	106,096	96,298
Non-current	198,187	199,218
	304,283	295,516

PDPs are recognised at fair value at the date of purchase and are subsequently measured at amortised cost applying the EIR with the lifetime expected credit losses incorporated into the calculation of the EIR at inception. This EIR is the rate that exactly discounts the estimated future cash receipts of the purchased portfolio asset to the fair value at initial recognition (i.e., the price paid to acquire the portfolio). All changes in lifetime expected credit losses after the assets' initial recognition are recognised as an impairment change (gain or loss).

Interest on PDPs tranches is accrued using the EIR on each portfolio and recognised as interest income at amortised cost on the consolidated statement of profit or loss and other comprehensive income.

Movement on purchased debt portfolios at amortised cost is as follows:

	2023	2022
	\$'000	\$'000
At beginning of period	295,516	249,094
Debt portfolios acquired	59,249	99,493
Cash collections of PDPs	(127,958)	(106,732)
Interest income accrued	73,709	62,574
Net impairment (loss)/gain	3,767	(8,913)
	304,283	295,516

A detailed analysis of the critical accounting estimates and judgements in Note 4 outlines the elements considered in the application of judgement to estimate future cash flows at the time the EIR is determined and at each subsequent reporting date, including the key underlying variables that are analysed.

Overlays for macroeconomic, modelling and operational risks

The uncertain macroeconomic environment and its potential impact on the operational performance of the Company has the potential to affect forecast future cash flows and thereby impairment of the carrying value of the PDP portfolio.

In determining suitable timeframes for modelling these potential impacts, forward-looking economic assumptions were considered. These include forecasts of unemployment rates, CPI, annual wage growth and the RBA cash rate.

Economic forecasts in general currently expect a short-term inflationary period for Australia before a period of stability leading to a gradual recovery of the economy in the medium term. The Company modelled three scenarios to consider varying periods of dampened short-term performance followed by partial or full recovery of the variances, with no outperformance considered over the longer term. A probability-weighted average of these three scenarios was applied to the future cash flows to recognise macroeconomic risk.

Modelling risks arise where key judgements may impact on the appropriateness of model outputs. Commensurate with the complexity, materiality and business use of the model, the Group mitigates modelling risk through:

- Effective challenge and critical analysis involving objective, qualified and experienced parties in the line of business in which the model is used;
- Output verification to ensure that the model performed as expected in line with design objectives and business use; and
- Back testing, model stability analysis and sensitivity analysis.

Given the inherent limitations of historic information predicting future cash collections, additional modelling risk mitigation is considered through calibration of the expected future cash flows.

Operational risk overlays are considered to recognise current or expected operational issues, strategies or challenges that are not otherwise considered in the modelling process and are expected to affect future cash flows.

During the period, Pioneer was required to pause communications with a portion of customers as part of a vendor-driven remediation programme. This impacted the pattern of historical collections performance of the affected tranches of PDPs, flowing through to permanently reduce ERC for those tranches below a reasonable level in the underlying PDP model. Operational overlays have been used this period to ensure that the ERC impact of the remediation programme reflects the temporary nature of the process, rather than a permanent impact to Pioneer's ability to collect from these customers. The overlay also considers expected reassignment of a small cohort of customers where they meet certain criteria of the vendor's remediation programme.

16. Property, plant and equipment and intangible assets

a) Property, plant, and equipment

	Plant and equipment	Furniture, fittings, and equipment	Leasehold improvements	Total
	\$'000	\$'000	\$'000	\$'000
2022				
At 1 July 2021				
Cost	2,965	708	3,485	7,158
Accumulated depreciation	(2,906)	(611)	(3,290)	(6,807)
Net book amount	59	97	195	351
At 30 June 2022				
Opening net book amount	59	97	195	351
Additions	591	12	93	696
Transfers	57	(39)	(5)	13
Depreciation charge	(103)	(27)	(126)	(256)
Closing net book amount	604	43	157	804
At 30 June 2022 ¹				
Cost	1,911	641	2,111	4,663
Accumulated depreciation	(1,307)	(598)	(1,954)	(3,859)
Net book amount	604	43	157	804
2023				
At 1 July 2022				
Opening net book amount	604	43	157	804
Additions	164	-	85	249
Depreciation charge	(254)	(11)	(107)	(372)
Closing net book amount	514	32	135	681
At 30 June 2023				
Cost	2,075	641	2,196	4,912
Accumulated depreciation	(1,561)	(609)	(2,061)	(4,231)
Net book amount	514	32	135	681

¹For the year ending 30 June 2022, there were assets which had been disposed of but not included in the financial statements. The net book value of these disposals was zero and had no effect on the comparative information, other than the closing balances for cost and accumulated depreciation.

b) Intangible assets

	Software and licenses
	\$'000
2022	
At 1 July 2021	
Cost	6,375
Accumulated amortisation	(4,817)
Net book amount	1,558
Opening net book amount	1,558
Additions	116
Disposals	(4)
Transfers	(14)
Amortisation	(698)
Closing net book amount	958
At 30 June 2022	
Cost	6,491
Accumulated amortisation and impairment	(5,533)
Net book amount	958
2023	
At 1 July 2022	
Opening net book amount	958
Additions	180
Amortisation	(649)
Closing net book amount	489
At 30 June 2023	
Cost	3,076
Accumulated amortisation and impairment	(2,587)
Net book amount	489

Amortisation methods and useful lives

In line with AASB138(118) (a),(b), the Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents, trademarks, and licences 3-5 years
- IT development and software 3-5 years

The capitalised salaries were recognised as part of the IT development and software intangible assets. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis.

Impairment of Assets

The recoverable amount of the consolidated entity's assets (including intangible assets) has been determined by a value-in-use calculation using a discounted cashflow model, based on an annual projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

The following key assumptions were used in the discounted cash flow model for the group:

- 10.14% post tax discount rate, this was calculated using a weighted average cost of capital ('WACC');
- 5% per annum project growth rate;
- 5% per annum increase in operating costs and overheads;
- 2.5% growth in terminal value; and
- PDP purchases sufficient to sustain the current level of PDP investment.

The discount rate of 10.14% post-tax reflects managements estimate of the time value of money and the consolidated entity's WACC. Management believes the projected 5% growth rate is prudent and justified, based on the future growth aspirations and current year performance. In addition to this, the 5% increase in operating costs and overheads is reflective of the current market conditions and increase in inflation.

The above testing did not give rise to any impairment.

Sensitivity

Management have made judgements and estimates in respect of impairment testing. Should these judgements and estimates not occur the carrying value of the assets may decrease. The sensitivities are as follows:

- Growth rate would need to decrease by greater than 2.8%, before assets would need to be impaired, with all other assumptions remaining constant, or
- The discount rate would need to increase by 5.2% before assets would need to be impaired, with all other assumptions remaining constant.

17. Leases

a) Right of use assets

The consolidated entity leases level 5 – level 8 of 108 St Georges Terrace, Perth, Western Australia. The purpose of this lease is to run the operations of the consolidated group and the lease is due to expire on 30 June 2029.

	\$'000
Balance at 1 July 2021	4,930
Revaluation of lease asset on modification	5,383
Depreciation	(1,867)
Balance at 30 June 2022	8,446
Balance at 1 July 2022	8,446
Revaluation of lease asset on modification	179
Depreciation	(1,206)
Balance at 30 June 2023	7,419

b) Lease liabilities

	2023	2022
	\$'000	\$'000
Current lease liability	1,116	961
Non-current lease liability	8,153	9,090
	9,269	10,051

c) Maturity analysis – undiscounted

	\$'000
Lease commitments (principal and interest) at 30 June 2023	
Within one year	1,116
Later than one year but no later than five years	6,133
Later than 5 years	2,020
	9,269

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

18. Other assets

	2023	2022
	\$'000	\$'000
Current		
Prepayments	693	979
	693	979

Non-current		
Cash backed rental guarantee	1,386	1,454
Loans to management ¹	1,900	2,050
	3,286	3,504

¹Refer to Note 31 – Related party transactions for further details on loans to management.

19. Borrowings

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Secured						
Senior debt facilities	9,051	200,950	210,001	18,280	182,114	200,394
Medium term notes	-	54,169	54,169	-	54,169	54,169
Interest payable	1,932	-	1,932	1,596	-	1,596
Other loans	352	-	352	502	-	502
	11,335	255,119	266,454	20,378	236,283	256,661

All borrowings are initially recognised at fair value which is usually their principal amount, net of directly attributable transaction costs incurred, and subsequently measured under amortised cost. Given the Facility has a variable interest rate, it is classified as a floating instrument and the transactions costs are expensed under the simplified approach on a straight-line basis. The MTN's are measured using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the Facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the Facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Secured liabilities and assets pledged as security

Security has been pledged over all the assets and undertakings of each of Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Ltd, Pioneer Credit Broking Services Pty Ltd, Credit Place Pty Ltd, Pioneer Credit Connect (Personal Loans) Pty Ltd and Switchmyloan Pty Ltd and unlimited cross guarantees and indemnities from each of these entities.

All property of the Group comprises the Groups total assets of \$326,754,000 at 30 June 2023 (30 June 2022: \$339,455,000).

Financing arrangements

Senior Facility

The Group has access to a Senior Facility of \$215.2 at 30 June 2023 (30 June 2022: \$234.1m) comprised of a \$125.0 term facility, \$69.8m as a revolving facility and a \$20.5m delayed draw term loan facility.

The undrawn limit of the Senior Facility is \$5.3m at 30 June 2023 (30 June 2022: \$26.3m). The Senior Facility maturity date is 5 November 2025.

The Senior Facility contains the following embedded derivatives:

- Make whole payment relates to the 24 month period after financial close on tranche 1 of the Senior Facility. This early redemption option has been assessed and considered not closely related and it has therefore been separated and measured at fair value through profit and loss. Management has concluded that early redemption will not occur within the 24 month period and the separate derivative has been valued at zero.
- Call Option related to the early redemption of tranche 1 of the Senior Facility. The call option relates to the period 24 to 30 months after financial close and will incur a 1% premium on tranche 1 balance. This call option has been assessed and considered not closely related and it has therefore been separated and measured at fair value through profit and loss. Management has concluded that early redemption will not occur within the 30-month period and the separate derivative has been valued at zero.

Medium Term Notes ('MTNs')

In addition to the Senior Facility, the Company has \$55.5m subordinated MTNs with a maturity date of 30 November 2026.

The MTNs contains the following embedded derivative:

- Call Option related to the early redemption of the MTNs. Under the agreement, Pioneer may redeem 20% of the aggregate principal amount of the face value of the MTNs at no additional cost. The call option premium relates to the remaining 80% and steps down over the life of the MTNs:

Redemption Date	Redemption Amount
Falling any time from (and including) 1 November 2022 to (and including) 31 October 2023	103 per cent
Falling any time from (and including) 1 November 2023 to (and including) 31 October 2024	102 per cent
Falling any time from (and including) 1 November 2024 to (and including) 31 October 2025	101 per cent
Falling any time after (and including) 1 November 2025	100 per cent

This call option has been assessed and considered not closely related and it has therefore been separated and measured at fair value through profit and loss. Management has concluded that early redemption on the applicable 80% of the MTNs will not occur prior to 1 November 2025 and the separate derivative has been valued at zero.

Changes in liabilities arising from the financing activities

	\$'000	\$'000	\$'000	\$'000
	Opening balance at 1 July 2021	Cash flow	Other non-cash flow ¹	Closing Balance at 30 June 2022
Borrowings	201,081	59,009	(3,429)	256,661
Lease liabilities	6,387	(2,199)	5,863	10,051
	207,468	56,810	2,434	266,712

	\$'000	\$'000	\$'000	\$'000
	Opening balance at 1 July 2022	Cash flow	Other non-cash flow ¹	Closing Balance at 30 June 2023
Borrowings	256,661	7,390	2,403	266,454
Lease liabilities	10,051	(1,610)	828	9,269
	266,712	5,780	3,231	275,723

¹Other Non-cash flow items include the effective interest charge determined in accordance with AASB 9.

20. Trade and other payables and liabilities

	2023	2022
	\$'000	\$'000
Trade and other payables	1,058	1,056
PDPs payable ¹	2,082	24,611
Other liabilities	3,005	3,054
	6,145	28,721

¹ PDP acquisitions of \$2m and \$24m finalised in late June 2023 and June 2022, respectively.

21. Provisions

	2023	2022
	\$'000	\$'000
Current		
Provision for long service leave	583	522
Provision for annual leave	1,426	1,404
Share based payments	73	45
	2,082	1,971

Non-current		
Lease make good	396	421
Provision for long service leave	434	395
Share based payments	42	155
	872	971

Lease make good

The Group is required to make good each of its leased premises to their original condition at the end of each lease which is 30 June 2029. A provision has been recognised for the present value of the estimated expenditure required at the end of the lease term. No provision for make good has been recognised on the Group's short term leases as agreed with the Lessor.

Share Based Payments

A provision has been recognised for the current value of the obligation to settle in future periods, at the market value, the long term incentive rights that have been converted into a cash obligation.

An agreement with former employees where unvested performance rights will be cash settled in line with future vesting dates under the original long term incentive plan. These liabilities will be Fair Valued at each reporting date and prior to each repayment date.

22. Events occurring after the reporting period

On 1 July 2023 the following events occurred relating to employee share schemes provided:

- 75,000 Indeterminate rights vested
- 171,000 Performance rights vested
- 68,000 Performance rights lapsed

23. Financial Instruments

The Group has the following financial instruments

As at 30 June 2023	Measurement	Current	Non-current	Total
		\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	Amortised cost	8,410	-	8,410
Trade and other receivables	Amortised cost	1,490	-	1,490
Purchased Debt Portfolios	Amortised cost	106,096	198,187	304,283
Other assets	Amortised cost	693	3,286	3,979
		116,689	201,473	318,162
Financial liabilities				
Trade and other payables	Amortised cost	6,145	-	6,145
Borrowings	Amortised cost	11,335	255,119	266,454
		17,480	255,119	272,599

As at 30 June 2022	Measurement	Current	Non-current	Total
		\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	Amortised cost	23,071	-	23,071
Trade and other receivables	Amortised cost	6,174	-	6,174
Purchased Debt Portfolios	Amortised cost	96,298	199,218	295,516
Other assets	Amortised cost	979	3,504	4,483
		126,522	202,722	329,244
Financial liabilities				
Trade and other payables	Amortised cost	28,721	-	28,721
Borrowings	Amortised cost	20,378	236,283	256,661
		49,099	236,283	285,382

Classification as trade and other receivables

Trade receivables are amounts due for services performed in the ordinary course of business. Other receivables are held with the objective to collect the contractual cash flows and are therefore measured at amortised cost under AASB 9, which is consistent with their treatment in prior years. All trade receivables are expected to be recovered in one year or less hence have been classified as current.

Fair value of trade and other receivables, trade, and other payables

Due to the short-term nature of the current receivables and payables, their carrying amount is assumed to be the same as their fair value and for most of the non-current receivables and payables, the fair values are also not significantly different to their carrying amounts

24. Equity

Contributed equity

	2023	2023	2022	2022
	Shares	\$'000	Shares	\$'000
Ordinary shares – fully paid excluding treasury shares	106,787,206	103,755	106,592,433	103,589

Share capital

Movement

	Number of shares	\$'000
2022		
Opening balance 1 July 2021	66,277,190	81,755
Issue of shares	38,496,726	20,908
Treasury shares acquired	(4,617,216)	(2,370)
Treasury shares issued to employees	856,500	525
Exercise of warrants	5,579,233	2,771
Closing balance 30 June 2022	106,592,433	103,589

2023		
Opening balance 1 July 2022	106,592,433	103,589
Treasury shares acquired	(272,727)	(84)
Treasury shares issued to employees	467,500	250
Closing balance 30 June 2023	106,787,206	103,755

Ordinary shares

All authorised Ordinary shares have been issued, have no par value and the Group does not have a limited amount of authorised capital.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

At a general meeting of shareholders, every shareholder entitled to vote may vote in person or by proxy, attorney, or representative; on a show of hands every shareholder who is present has one vote; and on a poll every shareholder who is present has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

Treasury shares

	Number of shares	\$'000
2022		
Opening balance 1 July 2021	1,725,844 ¹	2,253
Treasury shares issued to employees	(856,500)	(525)
Treasury shares acquired during the period	4,482,316	2,370
Closing balance 30 June 2022	5,351,660	4,098
2023		
Opening balance 1 July 2022	5,351,660 ¹	4,098
Treasury shares issued to employees	(467,500)	(250)
Treasury shares acquired during the period	272,727	84
Closing balance 30 June 2023	5,156,887	3,932

Shares issued to employees are recognised on a first-in-first-out basis. The shares may be acquired on market and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the trust deed, Pioneer Credit Limited is required to provide the trust with the necessary funding for the acquisition of the shares. Included within the balance of treasury shares are 400,000 management shares that were initially recognised in March 2014.

¹ The Opening balance has been restated by \$134,800 which was previously overstated

Options

The Company has previously issued 8,000,000 unlisted options to the Managing Director, with 3,000,000 remaining unvested at 30 June 2023. No options were exercised or had expired during the period.

As part of the Company's equity placement completed on 18 May 2022, 29,361,726 listed options were issued on a one for one basis. These options have an exercise price of \$0.80 and expire on 31 March 2025. At 30 June 2023, all options issued remain outstanding.

Share based payment reserve

The following table shows a breakdown of the Share Based Payments Reserve and the movements in this reserve during the reporting period.

The share-based payments reserve is used to recognise the grant date fair value of options and rights issued but not exercised, over the vesting period.

	2023	2022
	\$'000	\$'000
At 1 July		
Opening balance	7,015	6,414
Share based payments and executive share plan ¹	767	1,126
Forfeiture of shares under plan	(38)	-
Treasury shares loan repayments	-	-
Performance rights issued	(250)	(525)
At 30 June	7,494	7,015

¹2022 includes accelerated vesting of Rights that will be paid out in line with the original vesting dates, at the market value at that date

Warrant reserve

The following table shows a breakdown of Warrant Reserve and the movements in this reserve during the reporting period.

	Number	2023	Number	2022
		\$'000		\$'000
At 1 July				
Opening balance	5,566,808	2,689	11,146,041	5,460
Warrants issued	-	-	-	-
Warrants converted	-	-	(5,579,233)	(2,771)
At 30 June	5,566,808	2,689	5,566,808	2,689

Foreign exchange translation reserve

The following table shows a breakdown of Foreign Exchange Translation Reserve and the movements in this reserve during the reporting period.

	2023	2022
	\$'000	\$'000
At 1 July	(159)	-
Foreign currency translation	41	(159)
At 30 June	(118)	(159)

25. Capital management

The Group's objectives when setting a capital management plan are to:

- Ensure that the Group will be able to continue as a going concern whilst maximising the return to shareholders through an optimal mix of debt and equity
- Focus on reducing the current cost of capital
- identify the gearing levels based on the Group's risk appetite; and maximise the return on invested capital ensuring that all capital invested or reinvested to achieve internal return hurdles
- Focus on capital recycling through the sale of non-core portfolios

Although the Group is not subject to any regulatory requirement with respect to its capital position, it maintains a focus on reducing current gearing levels with the significant sources of funding being supplied by shareholder equity and variable rate financier borrowings, as well as appropriate trade working capital arrangements.

The Board monitor key balance sheet ratios as part of the strategy as well as to demonstrate compliance with the financier covenant requirements. Three year rolling capital forecast analysis is regularly reviewed to assess the impact of growth and future opportunity on funding requirements with a focus on determining adequacy of short to medium term requirements.

As far as possible, PDPs are funded from free cash flow, allowing undrawn balances to be maintained. Cash is monitored daily to ensure that immediate and short-term requirements are met.

Details of financing facilities at 30 June 2023 are set out in Note 19.

Dividends

No dividends were declared or paid during the financial year. No dividends have been declared after the financial year end.

Franking Account

The balance of the franking account at year end is, on a tax rate of 30.0%, \$5.8m (FY22: \$5.8m).

26. Group structure

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2023	2022
Pioneer Credit Solutions Pty Limited	Australia	Ordinary	100	100
Sphere Legal Pty Limited	Australia	Ordinary	100	100
Pioneer Credit (Philippines) Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Connect Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Broking Services Pty Limited	Australia	Ordinary	100	100
Switchmyloan Pty Limited	Australia	Ordinary	100	100
Credit Place Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Acquisition Services (UK)Limited ¹	United Kingdom	Ordinary	100	100
Pioneer Credit Solutions (NZ) Limited	New Zealand	Ordinary	100	100
Pioneer Credit Connect (Fund 1) Pty Ltd ²	Australia	Ordinary	100	100
Pioneer Credit Connect (Personal Loans) Pty Ltd ³	Australia	Ordinary	100	100
Pioneer Credit Limited Equity Incentive Plan Trust	Australia	N/A	100	100

¹ Pioneer Credit Acquisition Services (UK) Limited is incorporated in the United Kingdom and has not conducted any business since inception

² Pioneer Credit Connect (Fund 1) Pty Ltd was incorporated on 15 January 2018 and has not conducted any business since inception

³ Pioneer Credit Connect (Personal Loans) Pty Ltd was incorporated on 15 January 2018 and has not conducted any business since inception

27. Parent entity financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2023	2022
	\$'000	\$'000
Balance Sheet		
Current assets	639	17,873
Total assets	167,600	215,439
Current liabilities	4,770	4,722
Total liabilities	281,417	272,678
Net assets	(113,817)	(57,239)
Shareholder equity		
Contributed equity	104,075	103,909
Reserves	8,475	7,992
Accumulated losses	(226,367)	(169,140)
Total equity	(113,817)	(57,239)
(Loss)/profit for the year from continuing operations	(57,227)	(61,285)

Guarantees entered into by the Parent entity

The Parent entity is bound by an unlimited guarantee and indemnity as part of the Group, with security held over all property.

Contingent liabilities of the parent entity

The parent entity had no contingent liabilities as at 30 June 2023.

28. Deed of cross guarantee

Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Limited, Switchmyloan Pty Limited, Pioneer Credit Broking Services Pty Limited, and Credit Place Pty Limited are parties to a deed of cross guarantee, entered into on 25 June 2015. Switchmyloan Pty Ltd was joined to this deed on 6 June 2016 and Credit Place Pty Limited was joined to this deed of cross guarantee on 12 June 2017.

Under the deed each Company guarantees the debts of the others. By entering the deed, these entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The consolidated financial statements of Pioneer Credit Limited include the subsidiaries as set out in note 26.

Pioneer Credit Solutions (NZ) Limited, Pioneer Credit Acquisition Services (UK) Limited, Pioneer Credit Connect (Fund 1) Pty Ltd and Pioneer Credit Connect (Personal Loans) Pty Ltd are not party to the deed of cross guarantee. They are stand-alone wholly-owned companies. The Directors have determined that Pioneer Credit Solutions (NZ) Limited, Pioneer Credit Acquisition Services (UK) Limited, Pioneer Credit Connect (Fund 1) Pty Ltd and Pioneer Credit Connect (Personal Loans) Pty Ltd are not reporting entities.

As at 30 June 2023:

- Pioneer Credit Solutions (NZ) Limited has assets of \$5.44m (2022: \$3.49m), liabilities of \$2.90m (2022: \$1.75m) of which the majority relates to amounts due to Group entities and contributed \$0.74m (2022: \$0.36m) to Group profit before income tax; and
- Pioneer Credit Acquisition Services (UK) Limited has no assets (2022: nil) and liabilities of \$0.02m (2022: \$0.02m) all of which relates to amounts due to Group entities. The UK entity generates no revenue.

29. Contingencies

The group had no contingent liabilities as at 30 June 2023.

30. Commitments

Service Contract

The Group has services contracts for the operation of its Philippines facility that ends in February 2024, telecommunications contracts that ends in October 2023 and February 2024, a IT contract that ends in November 2025 and a payroll services agreement that ends in September 2024. The minimum contractual commitments resulting from these agreements are outlined below.

	2023	2022
	\$'000	\$'000
Commitments for minimum service payments in relation to non-cancellable contracts are payable as follows:		
Within one year	2,955	3,333
Later than one year but not later than five years	4,012	1,938
	6,967	5,271

31. Related party transactions

Key Management Personnel

	2023	2022
	\$	\$
Short-term employee benefits ¹	2,402,657	2,793,067
Post-employment benefits ²	126,462	182,861
Other long-term benefits ³	116,354	142,231
Other ⁴	-	-
Termination benefits	-	91,172
Options	426,400	426,400
Share-based payments	180,227	539,761
	3,252,100	4,175,492

¹Short-term benefits include salary, fees, non-monetary benefits and other short-term benefits as per Corporation Regulation 2M.3.03(1) Item 6

²Includes superannuation guarantee

³Includes annual and long service leave

Transactions with other related parties

	2023	2022
	\$	\$
Net rental expenses and other services:		
Entities owned, related or controlled by KMP	-	70,703
Superannuation contributions:		
Contributions to superannuation funds on behalf of Directors	47,549	85,500
Other – Alana John Design ¹	67,561	34,403

¹Alana John Design is a related entity to Keith John

Loans from related parties

Medium term notes

	2023	2022
	\$	\$
Loans from key management personnel:		
Beginning of the year	-	500,000
Interest charged	-	20,095
Interest paid	-	(20,095)
Consent fee charged	-	2,500
Consent fee paid	-	(2,500)
Conversion of MTN to fully paid ordinary shares	-	(500,000)
End of year	-	-

Syndicate facility agreement (SFA)

	2023	2022
	\$	\$
Loans from key management personnel:		
Beginning of the year	-	1,100,000
SFA - Tranche B drawdown	-	-
SFA - upfront, guarantee and facility fees charged	-	87,500
SFA - upfront, guarantee and facility fees paid	-	(87,500)
Warrants issued	-	-
Warrant exercised	-	-
Interest charged	-	121,674
Interest paid	-	(121,674)
Extinguishment of Loan	-	(1,100,000)
End of year	-	-

Loans to related parties

In May 2022, Loans were issued to 4 executives for the purposes of acquiring shares under the Priority Offer completed on 18 May 2022. The shares were issued at a purchase price of \$0.55 with an attaching Listed Option on a 1 for 1 basis with an exercise price of \$0.80 expiring in March 2025.

The loans are on a full recourse basis with interest payable monthly at a rate of 5% per annum and are secured by the underlying shares.

The Group engaged an external advisor to confirm that the transaction was of an arm's length nature and no Employee benefits have been recognised in relation to the loan or share transaction.

Loans to key management personnel

	2023	2022
	\$	\$
Loans to key management personnel:		
Beginning of the year	(2,050,000)	-
Loans to KMP	-	(2,050,000)
Loans extinguished ¹	150,000	-
Interest charged	(102,640)	(12,075)
Interest paid	102,640	12,075
End of year	(1,900,000)	(2,050,000)

¹ Includes write-off of \$65,536.

32. Share-based payments

Employee share scheme

No shares were issued under an Employee share scheme during the reporting period.

Equity incentive plan

The Company operates a Pioneer Credit Limited Equity Incentive Plan whereby certain eligible employees are granted performance or indeterminate rights. Each Right entitles the holder to one fully paid ordinary share for no consideration, subject to vesting conditions being met.

The cost of the equity settled transaction is determined by the fair value at the date when the grant is made using an appropriate valuation model. Inputs to the valuation model include spot price, exercise price, vesting period, expected future volatility, risk free rate and dividend yield.

The cost is recognised in employee expenses together with a corresponding increase in equity (reserves) over the vesting period.

On 1 July 2022, 250,000 performance rights were transferred to executives and senior leadership. Each Right entitles the holder to one fully paid ordinary share for no consideration, provided the holder of the Right remains employed by the Group at the Vesting Date. These were split into two tranches, with one parcel vesting after 2 years and the other after 3 years.

The terms of each Right and assumptions used to determine fair value.

	2023
Grant date	1 July 2022
Fair value at grant date	\$10,875
Share price at grant date	\$0.435
Exercise price	Nil
Expiration period – years	2
Dividend yield	Nil
Vesting date	1 July 2024
Risk free rate	2.590%
Volatility rate	60%

	2023
Grant date	1 July 2022
Fair value at grant date	\$10,875
Share price at grant date	\$0.435
Exercise price	Nil
Expiration period - years	3
Dividend yield	Nil
Vesting date	1 July 2025
Risk free rate	3.005%
Volatility rate	60%

Summary of Rights Granted

	2023	2022
	Number of rights	Number of rights
Equity settled rights issued during the year	467,500	500,000
Unvested Rights at the end of the period	4,165,250	4,011,500

The above unvested performance rights at 30 June 2023 include 371,250 rights that are cash settleable upon vesting.

Pioneer Credit Limited Equity Incentive Plan Trust

The Trust acquires shares on market for the purpose of satisfying rights that vest under the Pioneer Credit Limited Equity Incentive Plan.

The Trust acquired 272,727 shares during the financial year valued at \$85,909. As at 30 June 2023 the Trust held 4,756,687 shares (2022: 4,951,460)

33. Earnings / (Loss) per share

Basic earnings / (loss) per share

	2023	2022
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	0.19	(40.48)
Total basic earnings / (loss) per share attributable to the ordinary equity holders of the Company	0.19	(40.48)

Diluted earnings / (loss) per share

	2023	2022
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	0.17	(40.48)
Total diluted earnings / (loss) per share attributable to the ordinary equity holders of the Company	0.17	(40.48)

Reconciliation of earnings / (loss) used in calculating earnings per share

	2023	2022
	\$'000	\$'000
Basic earnings / (loss) per share:		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
From continuing operations	207	(33,094)
Diluted earnings / (loss) per share:		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	207	(33,094)

Weighted average number of shares used as the denominator

	2023	2022
	Number	Number
Weighted average number of Ordinary shares used as the denominator in calculating basic earnings / (loss) per share	106,141,050	82,143,521
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	123,758,468	82,143,521

Performance rights

Performance rights granted under the Pioneer Credit Limited Equity Incentive Plan are considered to be potential Ordinary shares and have been included in the determination of diluted earnings per share.

Options

Options granted under the Pioneer Credit Limited Equity Incentive Plan are considered to be potential Ordinary shares and have been included in the determination of diluted earnings per share.

Warrants

Warrants granted under the Pioneer Credit Limited Equity Incentive Plan are considered to be potential Ordinary shares and have been included in the determination of diluted earnings per share.

34. Remuneration of auditors

During the year the following fees were paid or are payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2023	2022
	\$	\$
RSM Australia¹:		
Audit and review of financial reports	374,000	-
Statutory assurance services required by legislation to be provided by the auditor	-	-
Other services ²	-	-
Deloitte Touche Tomatsu¹:		
Audit and review of financial reports	-	728,200
Statutory assurance services required by legislation to be provided by the auditor		126,500
Other services ²		
Total remuneration	374,000	854,700

1 RSM Australia became auditors of the group during the FY23 year, FY22 Deloitte Touche Tomatsu were the auditors

2 Other services are in relation to Vendor Due Diligence report as part of the refinance process in FY22

Amounts are inclusive of GST and expense reimbursement.

Directors Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 40 to 96 are in accordance with the *Corporations Act 2001*, including:
- Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, liable by virtue of the deed of cross guarantee described in note 28.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



Keith John
Managing Director

Perth
28 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Pioneer Credit Limited

Opinion

We have audited the financial report of Pioneer Credit Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p>Measurement of Purchased Debts Portfolio (PDP) Refer to Note 15 in the financial statements</p>	
<p>The Group holds PDPs with a carrying value of \$304.2m, as set out in Note 15 of the financial statements; the PDPs are held at amortised cost.</p> <p>The measurement of the PDPs is estimated by the Group using internally developed cash flow models (the models).</p> <p>Complexity arises in respect of the accounting for PDPs due to the following:</p> <ul style="list-style-type: none"> the requirement to calculate credit-adjusted effective interest rates (CAEIRs) when PDPs are acquired involves significant judgement in estimating the amount and timing of future expected cash flows. In particular, judgement is required in estimating the credit risk attributes of PDPs that underpin modelled cash flow forecasts on acquisition. re-estimating future cash flows for PDPs at the end of each period results in impairment gains/losses which also require significant judgement and reliance on internally developed cash flow models. estimating the impact of the macro-economic outlook and future operational performance on forecast cash flows requires considerable judgement. the models used by management remain sensitive to the inherent uncertainty of estimating future cash flows, both at acquisition date and at period end. <p>As a result, the assessment of the carrying value PDPs is a key audit matter.</p>	<p>Our audit procedures, performed in conjunction with our Data Analytic and Corporate Finance specialists, included:</p> <ul style="list-style-type: none"> Assessing the Group's accounting policy for compliance with Australian Accounting Standards; Assessing the process undertaken by management to measure and account for PDPs; Testing the design and implementation of selected controls in relation to the PDP input data and models; Testing the mathematical accuracy and mechanics of the end to end PDP modelling process by re-creating the modelling process in an independent environment; Assessing the methodology used by the Group to determine the construction of the PDP models; Assessing if the PDP models appropriately included the expected amounts and timing of cash flows from customers; Assessing the reasonableness of PDP model parameters in relation to the period of cash flow forecasts; Assessing the reasonableness of the assumptions and key estimates used in the PDP models by: <ul style="list-style-type: none"> testing a sample of customer account characteristics to source documentation or system information to assess the existence, accuracy and completeness of the PDP model data; and assessing the original CAEIRs used in the model for consistency to what had previously been determined and applied on historic PDPs in accordance with AASB 9; Testing a sample of current year additions, disposals and liquidations to underlying source documents;

Key Audit Matter	How our audit addressed this matter
	<ul style="list-style-type: none"> • Testing the reasonableness of PDP interest income and impairment gain/losses as calculated by management's PDP modelling; • Testing the accuracy of the mathematical outputs of the modelled forecasted cash flows for all PDP tranches; • Testing the PDP model performance retrospectively, on a sample basis, against actual historic liquidations, including the reasonableness of the assignment PDPs to modelled forecasted cash flows; • Challenging the assumptions, judgements and quantifications made in determining the management expert judgement adjustment and model risk and operational risk overlays; • Testing the correct mathematical application of model risk and operational risk overlays and adjustments; • Agreeing the PDP model outputs to accounting entries recorded in the Group's financial report; and • Assessing the adequacy of disclosures contained in the financial report.
<p>Liquidity and going concern</p> <p>Refer to Note 3 in the financial statements</p>	
<p>At 30 June 2023, the Group generated a net profit after tax of \$0.17m (30 June 2022: loss \$33.1m) and has net current assets of \$96.0m (30 June 2022: \$74.5m).</p> <p>The Directors have prepared the financial report on the going concern basis.</p> <p>The Senior Facility and MTNs contain covenants which are closely linked to the carrying value of the PDPs and the level and timing of forecasted cash flows including PDP acquisitions, liquidations and sales as disclosed in Note 15 to the financial statements.</p> <p>The achievement of the cash flow forecasts are subject to future events, some of which are beyond the direct control of the Group.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing and discussing with management and Directors the reasonableness of the Group's cash flow forecast for the 12 month period ended 31 August 2024; • Checking the mathematical accuracy of management's cash flow forecast; • Challenging the reasonableness of the key assumptions used by management in the cash flow forecast by comparison to our knowledge of the business; • Assessing the sensitivity of the key assumptions within management's cash flow forecast, particularly in relation to forecast PDP liquidations, acquisitions and sales and operating costs estimates; • Reading and understanding the key terms of the Senior Facility and the MTN; • Checking the mathematical accuracy of covenant calculations over the 12 month period ended 31 August 2024 and critically assessing the forecasted covenant calculations including applying sensitivities to PDP liquidations, acquisitions and sales to identify reasonably possible potential breaches; and

Key Audit Matter	How our audit addressed this matter
	<ul style="list-style-type: none"> Assessing the adequacy of disclosures made in the financial report.
<p>Recoverable amount of non-financial non-current assets</p> <p>Refer to Note 16 in the financial statements</p>	
<p>The carrying value of the Group's non-financial non-current assets amounted to \$11.9m at the reporting date.</p> <p>The Group is required to assess at 30 June 2023 whether there is any indicator of impairment in relation to its non-financial non-current assets. If any such indication exists, the Group is required to estimate the recoverable amount of these assets.</p> <p>We determined this to be a key audit matter due to the extent of management judgement and estimates involved in:</p> <ul style="list-style-type: none"> assessing whether indicators of impairment are present in relation to the Group's non-financial non-current assets; and where indicators of impairment are identified, determining the recoverable amount of the Group's non-financial non-current assets by utilising a value in use model. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the Group's accounting policy for compliance with Australian Accounting Standards; Critically evaluating management's assessment of whether impairment indicators for its non-financial non-current assets were present at 30 June 2023; Considering the Group's determination of its CGUs based on our understanding of the operations of the Group's business and how the identifiable CGUs generate independent cash inflows; Considering the appropriateness of the value in use model applied by the Group to assess the carrying value of the CGU to which its non-financial non-current assets were allocated; Challenging the Group's forecast cash flows, including EBITDA and growth assumptions, with particular focus on cash flows associated with forecast PDP liquidations, acquisitions and sales and operating costs estimates; Considering the sensitivity of the model by varying key assumptions, such as forecast PDP acquisitions, growth rates and discount rate, within a reasonably possible range; Working with our valuation specialists, we developed a discount rate range considered comparable using publicly available market data for comparable entities and assessed the integrity of the value in use model used; and Assessing the adequacy disclosures included in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Pioneer Credit Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "Matthew Beevers".

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 28 August 2023

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Shareholder information

The shareholder information set out below was applicable as at 21 August 2023.

Distribution of securities

Analysis of numbers of equity security holders by size of holding

Holding	Holders	Ordinary shares
1 – 1,000	490	206,231
1,001 – 5,000	502	1,378,327
5,001 – 10,000	237	1,821,535
10,001 – 100,000	506	17,503,696
100,001 and over	152	91,034,304
	1,887	111,944,093

There were 607 holders of less than a marketable parcel of Ordinary shares.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted securities are:

Name	Ordinary shares	
	Number held	% of issued shares
Mr Keith R John	12,272,934	10.96
Jamplat Pty Ltd	11,300,000	10.09
Citicorp Nominees Pty Ltd	9,107,215	8.14
Pacific Custodians Pty Ltd <PNC EIP Trust>	4,510,687	4.03
Buttonwood Nominees Pty Ltd	2,904,449	2.59
BNP Paribas Noms Pty Ltd	2,598,756	2.32
Mr Irwin David Klotz	2,000,000	1.79
Mrs Lilian Jeanette Warmbrand	1,654,217	1.48
Plus 612 Capital Nominees Pty Ltd	1,524,913	1.36
Pacific Custodians Pty Ltd <PNC Employee Sub-Register>	1,440,091	1.29
S & G Morris Super Pty Ltd	1,420,498	1.27
ZLT Investment Co Pty Ltd	1,300,000	1.16
Mr Sunny Yang & Mrs Connie Yang	1,206,088	1.08
Wingate Corporate Credit Fund Pty Ltd	1,083,377	0.97
National Nominees Limited	1,051,541	0.94
Ms Elif Ceren Gunes	906,667	0.81

Mr Allan Hart	903,100	0.81
Lachlan 11 Holdings Pty Ltd	900,000	0.80
Wingate Investment Partners 3 Pty Ltd	840,033	0.75
BFA Super Pty Ltd	801,313	0.72

Name	Performance rights	
	Number held	Number of holders
Employee Incentive Plan	3,615,000	7

Name	Options	
	Number held	Number of holders
Mr Keith R John	8,000,000	1

Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	% of issued shares
Mr Keith R John	12,272,934	10.96
Jamplat Pty Ltd	11,300,000	10.09
Citicorp Nominees Pty Ltd	9,107,215	8.14

Securities subject to voluntary escrow

Escrow ends	Class	Number of shares
1 July 2024	Ordinary Shares	250,000

Voting rights

At a general meeting of shareholders: every shareholder entitled to vote may vote in person or by proxy, attorney or representative; on a show of hands every shareholder who is present in person or by proxy, attorney or representative has one vote; and on a poll every shareholder who is present in person or by proxy, attorney or representative has one vote for every share held, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

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Thank You.

