pioneer credit

For the year ended 30 June 2024

Annual Report

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pioneer credit

Overview

2024 Highlights

Pioneer's strong FY24 performance was underpinned by a solid operating output, disciplined cost management, a dedicated leadership team, and a strong supply of PDPs with an emerging preference in the market.

Who we are

Pioneer Credit Limited ('Pioneer') is an ASX-listed (ASX: PNC) financial services business that provides quality and flexible financial support to everyday Australians experiencing debt stress. We help our customers out of financial difficulty and 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.

A focus on customer service

Our purpose is to **put an end to debt stress.** Over the last 15 years we've helped more than 350,000 customers get their finances back on track. Our customer-centric empathetic approach and flexible solutions ensure a supportive environment and affordable payment options.

With more than 210,000 current 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 emerge as a 'new consumer'.

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 adhere to compliance best practice. This approach means we are confident of delivering an industry-leading service to our partners.

Partners

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.

Strong corporate culture

Pioneer has a strong corporate culture, built on three principles.

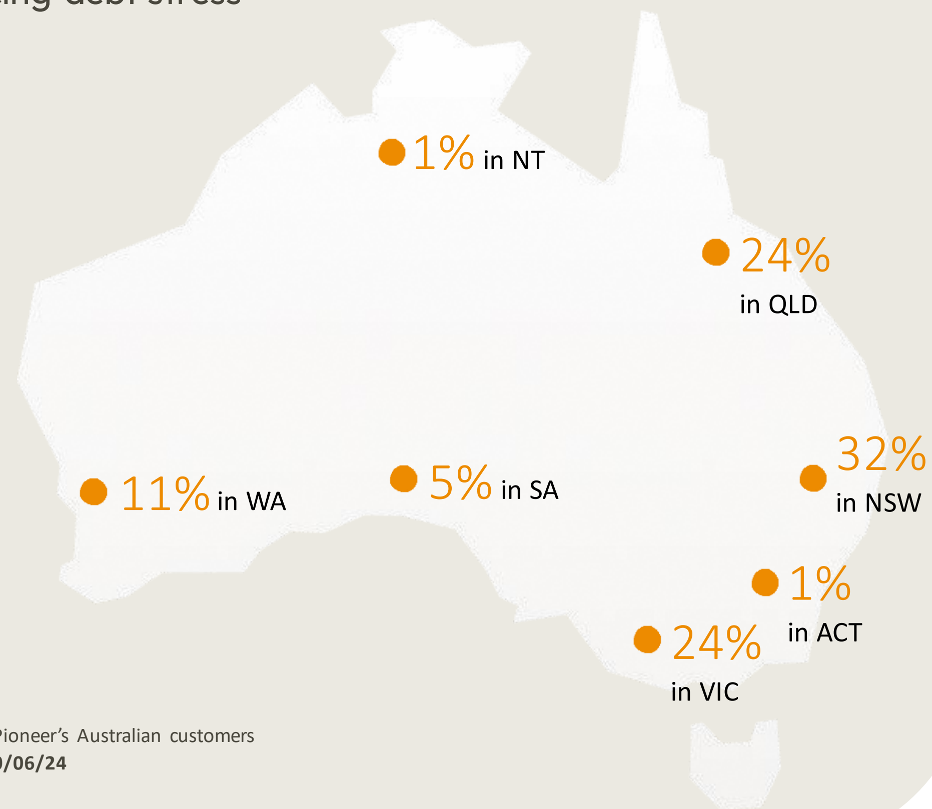
Be Human
We see people, and seek to understand

Choose Integrity
We do what's right, not what's easy

Act with Purpose
We commit to making a positive difference

These principles are a well-defined set of values that our people work and live by. They form the core of what we expect from our people and are embedded throughout the organisation. These principles set us apart in the market and we're proud to be considered first choice for many of our vendors. The principles underpin every interaction we have with our customers and our stakeholders, helping us lead with care and empathy at all times.

Over 349 **Pioneer** people are helping **210,000 Australians** experiencing debt stress



Distribution of Pioneer's Australian customers
Metrics as of 30/06/24

Performance

Pioneer Credit Limited ABN 44 103 003 505

Appendix 4E

Preliminary Final Report
for the year ended 30 June 2024
(previous corresponding period 30 June 2023)

Appendix 4E – Results for announcement to the market

Key information ($'000)				
Revenue from ordinary activities*	down	14.1%	to	71,080
(Loss)/Profit from ordinary activities after tax attributable to members	down	10,205	to	(10,039)
Net (loss)/profit for the period attributable to members	down	10,205	to	(10,039)

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

Dividends per ordinary share

There is no provision for a final dividend in respect of the year ended 30 June 2024.

Financial Statements

Released with this Appendix 4E report are the following:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the consolidated financial statements

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

Key ratios

	30 June 2024 (cents)	30 June 2023 (cents)
Net tangible assets per fully paid ordinary share	16.42	38.81
Basic (loss)/earnings per fully paid ordinary share	(8.66)	0.19

Corporate Directory

Directors	Mr Stephen Targett (Chairman) Mr Keith John (Managing Director) Mr Peter Hall Ms Pauline Gately (commenced 29 August 2023) Ms Suzan Pervan (commenced 29 August 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

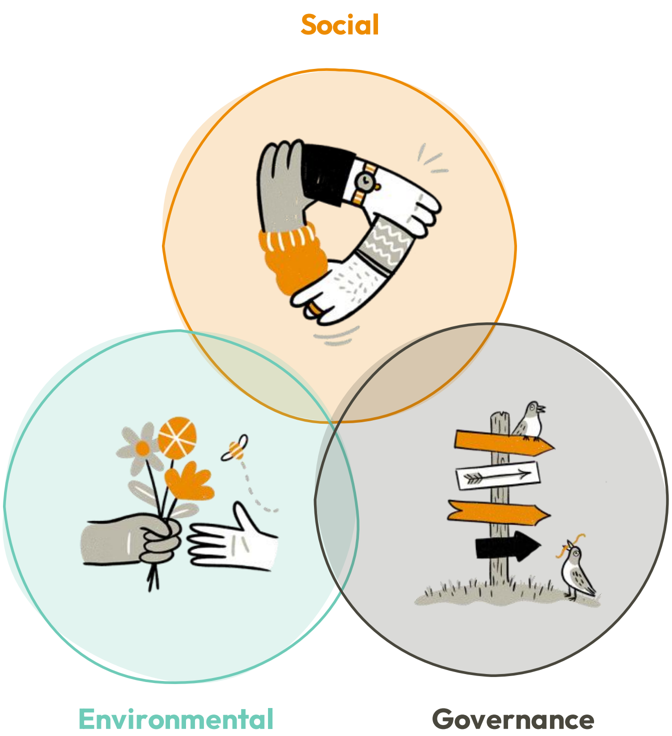
ESG

Pioneer's ESG position encompasses five pillars that demonstrate how we integrate environmental, social, and governance considerations into our business.

Pillars

Pioneer's five ESG pillars were developed through an assessment designed to align with opportunities. Engaging with internal and external stakeholders, Pioneer identified five pillars where we could have the greatest positive impact. Subsequently, Pioneer began developing a governance framework and identifying measures for each pillar, guided by external bodies such as the Sustainability Accounting Standards Board, the International Integrated Reporting Framework, and Australian Institute of Company Directors. A considerable number of policies, practices, and programs support the pillars, ensuring they are embedded into our core strategy, investment, business operations, and risk practices.

Our ultimate aim is to position Pioneer for sustained growth, whilst making a positive impact on our customers and our broader community. Moving forward, Pioneer will continue to refine the ESG strategy by establishing meaningful metrics and targets tailored to our business within each pillar.



Pioneer's approach to ESG

Our approach to ESG is closely linked to our purpose: to put an end to debt stress.

Pioneer continues to embed ESG considerations into strategy, risk, and business management practices to have a positive impact on our stakeholders and the communities in which we operate.

Pioneer's ESG Governance framework is supported by the ESG Sub-Committee, which ensures financial transparency by meeting Australian Accounting Standards Board ("AASB") disclosure requirements, fosters collaboration between executives on ESG matters, and fulfills legal and constitutional obligations.

Pioneer's Head of Finance, Ilijana Vidic is the Chair of the ESG Sub-Committee, with other members including representatives from the Leadership team and broader business.

Our ability to deliver on our ESG strategy requires the Company to have the right skills, and we seek to build these through developing our core competencies, which are underpinned by employing people that are 'founded in good'.

Corporate Governance Framework

Pioneer Principles

Act with purpose

We are committed to making a positive difference in the environment

Environmental

Climate Awareness

Pioneer is committed to not only fostering a more sustainable business but also having a meaningful impact on the environment. While Pioneer operates in a non-carbon intensive environment, we adopt sustainable options as part of our everyday business, paving the way for a more sustainable future

Our environmental stewardship includes:

4.0 ★★★★

NABERS Energy Rating

We prioritise in-office paperless operations and efficient energy consumption

Helping customers affected by natural disaster with the option to put their accounts on hold

Environmentally preferable cleaning products and office supplies

Responsible waste recycling, donation, and disposal

Pioneer Principles

Be Human

We see people and seek to understand, care for and empower them

Social

Customer Care

We are focused on doing the right thing for our customers and aim to provide a premium service experience. Our innovative and tailored solutions meet our customers' financial capacity and reflect our core principles.

Our customer care includes:

+21

Customer NPS

Pioneer's exceptional NPS demonstrates our dedication to customer satisfaction and the positive impact we have on people

210k

Customers we're helping

We proudly assist customers experiencing financial stress by offering affordable payment arrangements

84k

Customer portal logins

Our self-service portal improves user experience and accessibility. Other customer-centric initiatives include capped interest rates, no lending offerings, and flexible payment arrangements

Hardship training for employees

Employees are trained to identify genuine hardship. With a dedicated Hardship & Care team to support vulnerable customers

$1.2m

Debt waived for FY24

Vulnerable customers received debt waivers.

Commitment to improve

Pioneer routinely reviews all customer insights. We investigate potential gaps and consider business improvement opportunities

Complaint management

The Internal Dispute Resolution team aims to resolve all complaints and avoid escalation

Customer data protection

Pioneer has comprehensive cyber security practices including encryption, regular audits, and continuous monitoring to ensure our customers' data is kept safe and protected.

Pioneer People

We recognise, respect, and value differences in those around us, focusing on the action and understanding of what makes Pioneer diverse. Pioneer encourages a broad mindset of different ideas formed from different experiences, and a willingness to embrace those differences.

Our commitment to supporting our people includes:

+17

Employee NPS

The high engagement score is indicative of our positive culture

55%

Leadership positions filled internally

Pioneer provides opportunities for career progression including secondment, training, and coaching

Culture of belonging

Pioneer's employee value proposition is based on a culture of genuine care, where we value the life experiences of our people, empowering them to carry out important work and access unbound career opportunities

Programs and opportunities

Pioneer has a range of employee reward and recognition initiatives, an employee assistance program, learning and development opportunities and perks such as discounted gym memberships to improve employee health

Training opportunities

Pioneer is committed to providing exceptional customer service. That's why our employees receive extensive training in empathy, resilience, trust building, mental health and more

Mental Health First Aid

Pioneer is committed to caring for its employees and providing a safe work environment. The Mental Health First Aid Australia course is available to our employees

Community Commitment

From putting our hands up to volunteer, to supporting long-term community partnerships, we're committed to working with people who share our values. Through our valued partnerships, we're helping to give back to local communities through important initiatives that have the power to change lives.

Our community commitment includes:

$1.1m

Donations contributed

Since 2014 Pioneer has contributed to various important community causes that have the power to change lives

ToyBox partnership

Pioneer highly values its partnership with ToyBox Australia. Our employees volunteer and participate in initiatives that have a positive impact

Matching donations

Pioneer matches employee donations to further extend the helping hand we can provide local communities.

Causes we support	How we're involved
ToyBox Australia	At Pioneer we partner with ToyBox to raise money to donate gifts to ill children during the Christmas period.
R U OK	Pioneer participates in R U OK day, to raise funds for suicide prevention
Cancer Council WA	We take part in Australia's Biggest Morning Tea, the Cancer Council Morning Tea, to raise funds for a cancer-free future.
Pioneerhearts	Our Pioneer team is proud to give back, volunteering their time to support community events and programs that deliver positive change.

Pioneer Principles

Choose Integrity

We do what's right, not what's easy

Governance

Responsible Business

We are committed to responsible business practices. Our system of governance is designed to foster a culture that values accountability, ethical behaviour, and always protects our stakeholders' interests.

Our high standards of corporate governance include:

Risk management and monitoring
Pioneer takes responsibility for its actions with oversight from various committees such as Investment, People, Remuneration and Nomination, Audit & Risk Management and the Board of Directors

Ethical standards
We proudly uphold strong ethical standards. Solid foundations have been established in our principles, servicing model, Code of Conduct and training schedule.

Regular auditing
Pioneer protects the business and its customers through internal and external auditing, the use of a risk register, an incident management system and quality monitoring

Ethical debt recovery
Pioneer takes a customer-first approach and aims to treat all customers with dignity, honesty, and respect

80%

Independent Board of Directors
The majority of our Board of Directors are Independent. This encourages accountability and risk management oversight when overseeing key decisions

Whistleblower policy
Pioneer encourages personnel to report contraventions and provides protection from victimisation or dismissal, upholding confidentiality where appropriate.

Aligned to APRA
Pioneer proactively aligns to APRA standards where applicable. We are proud of our compliance and regulatory record

Upholding procurement standards
Pioneer's Supplier Management Framework ensures we uphold the Modern Slavery Act and human rights standards within our procurement practices

Pioneer Social Pillars

1. Ethical Debt Recovery

Pioneer's purpose is 'to put an end to debt stress'.

2. Prioritising Mental Health and Wellness

We are dedicated to fostering a positive and supportive work environment, 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 an employee assistance program, 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

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.

For customers that are most challenged, we provide debt waivers. During the year ended 30 June 2024, we waived over $1.2m of customer debt.

Pioneer supports and respects the human rights of everyone it works with and has a comprehensive approach to Modern Slavery and Human Trafficking.

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;
- commit to a workplace free from workplace bullying, harassment, victimisation, and abuse, unlawful or inhumane treatment.

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 provided financial support to nine different organisations.

Our largest staff-driven campaign is in December each year 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 each of the Company and the Managing Director and in FY24 this programme contributed $20,050 to ToyBox.

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

5. Belonging

We have always recognised the value of a diverse workforce. 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.

Our Belonging 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.

6. Outlook

In FY25, we have committed to advancing our ESG outcomes under the ESG sub-committee who are responsible for providing recommendations to the Executive and Board with respect to ESG considerations.

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 2024.

Directors

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

- Mr Stephen Targett (Chairman)
- Mr Keith John (Managing Director)
- Mr Peter Hall
- Ms Pauline Gately (commenced 29 August 2023)
- Ms Suzan Pervan (commenced 29 August 2023)
- Ms Michelle d'Almeida (resigned 29 August 2023)

Information on Directors

Mr Stephen Targett	Independent Non-Executive Chairman
Experience and expertise	• Appointed a Director in June 2021 • Appointed Chairman on 31 December 2022 • Extensive financial services experience as a board member and an executive in Australia and overseas • Current Chairman of CPT Global Limited and former Chair of member-owned bank Police & Nurses Limited (P&N) and BCU, a division of P&N. • 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 – 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: 211,363 Options (Listed): 136,363

Mr Keith John	**Managing Director**
Experience and expertise	• Founder of Pioneer Credit with over 30 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: 17,297,934 Options (Listed): 4,527,273 Indeterminate rights: 2,807,766

Mr Peter Hall	**Independent Non-Executive Director**
Experience and expertise	• Appointed a Director of Pioneer in January 2021 • 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	Member of Audit and Risk Management Committee Member of People, Remuneration and Nomination Committee
Interests in share and options	Ordinary Shares: 225,000

Ms Suzan Pervan (commenced 29 August 2023)	**Independent Non-Executive Director**
Experience and expertise	• Appointed a Director of Pioneer in August 2023. • An experienced accounting professional, with nine years at Ernst & Young in Australia and five years internationally, including with PwC. • Co-founder of the highly regarded Perth-based accountancy firm, Gooding Pervan until her retirement from the firm in 2010. • Former director of United Credit Union and member of the Australian Institute of Company Directors and Chartered Accountants
Listed Company Directorships including those held at any time in the previous 3 years	Nil
Special responsibilities	Chair of the Audit & Risk Management Committee Member of People, Remuneration and Nomination Committee
Interests in share and options	Nil

Ms Pauline Gately (commenced 29 August 2023)	**Independent Non-Executive Director**
Experience and expertise	• Appointed a Director of Pioneer in August 2023. • An experienced accounting professional, with nine years at Ernst & Young in Australia and five years internationally, including with PwC. • Co-founder of the highly regarded Perth based accountancy firm, Gooding Pervan until her retirement from the firm in 2010. • Former director of United Credit Union and member of the Australian Institute of Company Directors and Chartered Accountants
Listed Company Directorships including those held at any time in the previous 3 years	Chairman – Kalgoorlie Gold Mining Ltd Director – Elixinol Wellness Ltd (Chair of Audit and Risk Committee) Previous – Ardiden Ltd
Special responsibilities	Member of Audit and Risk Management Committee Member of People, Remuneration and Nomination Committee
Interests in share and options	Nil

Ms Michelle d'Almeida (resigned 29 August 2023)	**Independent Non-Executive Director**
Experience and expertise	Appointed a Director of Pioneer in June 2022 and resigned on 29 August 2023.

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Company Secretary

Ms Susan Symmons joined Pioneer as Company Secretary and General Counsel on 1 October 2015. Ms Symmons has over 30 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.

Dividends

No dividends were paid during the finance year (2023: $nil).

Meeting of Directors

The number of meetings held, and attended, by the Directors during the year ended 30 June 2024 was:

	Board Meetings		Audit and Risk Management Committee Meetings		People, Remuneration and Nomination Committee Meetings	
Name	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr Stephen Targett	11	11	6	6	3	3
Mr Keith John	11	11	N/A	N/A	3	3
Mr Peter Hall	11	10	6	6	3	3
Ms Suzan Pervan[1]	10	10	4	4	2	2
Ms Pauline Gately[1]	10	10	4	4	2	2
Ms Michelle d'Almeida[2]	1	1	2	2	1	1

1 Appointed on 29 August 2023.
2 Ms Michelle d'Almeida resigned on 29 August 2023.

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

FY24 has been a remarkable year for the Group marked by continued growth in market share within Australia's purchase debt portfolio ('PDP') sector, and the successful completion of refinancing of the Company's senior debt facilities.

With the completion of refinancing in June 2024, the Board has adopted a prudent and cautious approach. This will enable the business to advance the process of rebuilding its balance sheet during

FY25, while also safeguarding shareholders from the potential prolonged effects of higher interest rates and inflation, should economic conditions deteriorate.

The FY24 result reflects the crucial steps taken to materially strengthen the Company and position it for the renewed profitability and growth from now onwards. Key FY24 initiatives include:

- Reducing the cost of funds by unwinding previously expensive funding following the execution of a new four-year syndicated facility agreement for $272.5 million on 28 June 2024;
- Taking a precautionary impairment of $18m to shield the Company against potential economic deterioration;
- Recognising $21.4m of Tax Assets validating the Board's confidence in the Company's future profitability; and
- Enhancing reporting disclosures in line with best practices established by the Company's northern hemisphere counterparts.

Syndicated Facility Agreement

The new financing facility ('Facility') was arranged by the Nomura group of companies including long-term substantial shareholder Nomura Holdings Inc, Nomura Australia Ltd, who was Arranger to the Company in 2020 and 2021, and more recently, Nomura Singapore Inc, who provided a facility in December 2023 at a reduced cost to Pioneer's previous senior financier. The Facility includes $50m of growth funding from a syndicate of high-quality lenders, including Challenger, Keyview Financial Group, Nomura Special Investments Singapore, and Revolution Asset Management ('Syndicate'). The Facility's 4 year term provides the Company with funding security and significantly reduces Pioneer's funding costs by ~$8m in FY25.

Additionally, the Facility also includes an opportunity to marginally decrease the cost of funds further through various ESG and other measures, which we aim to achieve by the end of FY25.

The Facility also includes provisions for potential upsizing. Should the Syndicate not wish to increase its commitment on the terms provided, the Company has the flexibility to introduce other senior funders alongside the Syndicate to support investment opportunities beyond the initial $50m growth facility.

With the completion of this refinancing, the business is returning to more normalised trading conditions enabling us to consider additional initiatives to further reduce the cost of funds further, such as the paydown of the Medium-Term Notes.

Precautionary Impairment

With consumer confidence at multi-year lows and cost of living pressures persisting due to ongoing inflation, the Company has taken a precautionary impairment of $18m. The impairment is considered precautionary because, despite the continued negative economic data, our experience within Pioneer tells a different story. Our portfolios are performing well, with consumers continuing to pay down debt more quickly than in the past 3 years. Additionally, where consumers are on a payment arrangement, payments are also at their highest level in three years.

Deferred Tax Asset

In FY21, following the termination of a Scheme of Arrangement and expensive refinancing of the Company's debt, the Company experienced a period of losses, and the Board derecognised its Deferred Tax Assets ('DTA').

Tax assets can only be recognised when it is probable that an entity will generate future taxable profits and the Company can utilise those tax assets. The Company continued to incur losses until FY23 when it achieved a small profit, followed by a profit on a normalised basis in FY24. With the refinancing of the Company and strong market dynamics, based on its three-year forecast projections, the Board now expects the Company to be able to utilise those losses.

Consequently tax assets totalling $21.4m have been recognised in FY24 with an additional $13m expected to be utilised in future periods. The Board believes it has taken a cautious approach in recognising these tax assets at this time.

PDP Investment

In October 2023, Pioneer provided guidance to the market that its PDP purchasing for the financial year would be $60m, while also noting significant opportunities in the market. In our typically cautious approach to any form of guidance, we recognised the opportunity but needed to ensure that, given our then constrained balance sheet, we could capture the most appropriate opportunities for our platform.

Our business development efforts identified opportunities that were largely unique to Pioneer. In December 2023, this led to an upgrade in our guidance to $85m, following the acquisition of a large portfolio of CBA originated credit cards and personal loan accounts from Panthera Finance Pty Ltd.

By March 2024, deep into the refinancing process, the Company initiated steps to secure additional portfolios with excellent return profiles, resulting in a total PDP investment of $93.6m for the period.

FY24 marked another year of exceptionally good investment for Pioneer, and one which we expect to contribute meaningfully to profitability quickly.

Compliance, customer treatment and audit

The regulatory environment in which Pioneer operates has continued to see increased activity from regulators and supervisory bodies. The heightened focus appears to be driven by two factors:-

- The debt collection practices of some competitors in recent years; and
- The expectation that debt purchase groups, particularly those with banking and finance clients, align more closely with APRA standards across areas such as servicing and remediation, information technology infrastructure, data security and cyber resilience.

Pioneer welcomes this increased scrutiny, as it drives continual improvement in our business as we adapt our practices to meet evolving expectations and standards. However, the ongoing elevation of standards also brings higher compliance costs, which many sub-scale and smaller competitors may find difficult to meet, and these costs are increasing the moat around the Pioneer business.

Through FY25 we expect to see continued and increased regulatory focus on operating and servicing platforms and practices, which will ultimately lead to better customer outcomes.

Cost to Service (CTS)

Employee expenses are the single largest cost in Pioneer, making the efficiency of our people critical to delivering profitability improvements. We measure the impact of total expenses, excluding finance costs, as Cost to Service ('CTS').

During FY24, on a normalised basis (excluding one-off costs) CTS was flat at 35%. We are pleased with this result, which falls at the lower end of the previously guided range of 35%-37%, where the Company expects to remain in FY25. With further scale and transition to our new operating platform in FY25, we plan to gradually reduce this cost further over time.

Business Risk Statement

The Company has a comprehensive risk management framework, and the Board has identified key risks as follows:

(a) **Sufficiency of funding**

There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable. On 28 June 2024, Pioneer refinanced its existing senior debt as follows:

- $272.5m Senior Finance Facility including $50m funding for growth
- Initial term of four years expiring June 2028; and
- Initially priced at the Bank Bill Swap Rate plus 550 bps.

The Company recently replaced its existing $55.5m Medium Term Notes which resulted in MTNs with a maturity date of 29 December 2028.

(b) **Breach of finance facility covenant**

A breach of a covenant under the Company's facility agreement could potentially result in its financiers calling the debt, if not remedied within the agreed timeframe.

The Company's forecasts of the Group's liquidity reserve and compliance with debt covenants based on expected cash flow are continuously managed and monitored. Cash flow and covenant compliance is forecast on a day-to-day basis.

(c) **Availability and pricing of debt portfolios**

In order to continue its profitable growth, Pioneer needs to be able to purchase debt portfolios at appropriate prices and manage the portfolio accounts to maximise recovery. The availability of debt portfolios at appropriate prices is affected by a number of factors, some of which are outside Pioneer's control, including:

- The level of credit extended to consumers, and the percentage of credit in arrears;
- The level of unemployment and rate of consumer savings can have a major impact on the level of credit in arrears. Credit arrears are a function of a borrower's ability to pay, which is often related to a borrower's ability to generate an income through employment, as well as access to any savings in the event of unemployment or financial stress;

- The appetite of corporate institutions to outsource arrears management can be affected by a number of matters, including but not limited to, a change in economic outlook, a change in laws or regulations, a change in accounting policies or practices, the consolidation of creditors, increased reliance on debt collection agencies or increased sophistication in internal collection efforts; and

- Negative publicity or reputational damage to the receivables management industry as a whole which may be caused by debt collection techniques employed by sector participants that are not in line with the expectations of the general community or cause, among other things, distress in the general community through unfair treatment, harassment or any other number of unfair practices. These practices may become publicised and result in Pioneer's vendor partners restricting or ceasing to sell debt portfolios.

Accordingly, risks for Pioneer include:

- Insufficient debt portfolios becoming available for purchase. A number of factors can impact the number and suitability of debt portfolios available for purchase including but not limited to economic conditions which result in Pioneer's vendor partners or potential new debt sellers having insufficient (or any) under-performing debt portfolios to sell; and

- Increased competition in the purchased debt portfolio market which could result in competitors offering higher prices for debt portfolios. This could result in lower margins for Pioneer if Pioneer has to increase its portfolio acquisition costs.

(d) **Purchase of debt portfolios**

When Pioneer acquires debt portfolios from its vendor partners, it assumes the risk that the accounts within the portfolios will not be repaid in full or at all. However, a number of steps are undertaken by Pioneer before proceeding with an acquisition, in order to minimise this risk. These include the following:

- Pioneer seeks to purchase only debt portfolios that comprise the type of accounts that it understands well and has the competency and experience to conduct due diligence on, price appropriately, and recover an amount that is at least in line with its expectations at the time of purchase;

- Currently, Pioneer focuses on certain types of debt portfolios that it considers to be its core competencies. The majority of Pioneer's purchases are personal loan and credit card portfolios. Pioneer also purchases consumer leases, consumer rental agreements and transactional accounts. Pioneer may enter into new types of portfolio purchases subject to being satisfied with the conduct of due diligence on the portfolios targeted; and

- Pioneer has to date purchased accounts from reputable financial institutions, including Australia's major banks and has not purchased accounts held by customers that it understands were regarded as credit impaired or "non-conforming" applicants at the time of applying for the loan from the original vendor partner.

(e) **Existing debt portfolios and recovery of accounts**

Pioneer purchases debt portfolios which often consist of a substantial number of accounts without contact details and for which the seller of the portfolio has made numerous attempts to collect. Such accounts may subsequently be deemed uncollectable and written off. Pioneer's strategy for maximising its customer payments over time is to minimise discounts offered for early payment and encourage customers who cannot meet the payment schedule under their existing loan agreement to enter into a new arrangement, known as a payment arrangement. Not all customers with a payment arrangement pay on time, all of the time, or at all. In addition, some customers will not enter into a payment arrangement. Therefore, it may take a significant amount of time to recover on accounts and there is no guarantee that Pioneer will recover any or all of the accounts comprising a debt portfolio.

Changes in macroeconomic factors such as an increase in interest rates and cost of living may impact on recovery of accounts. In addition, Pioneer may not be able to identify macroeconomic trends or make changes in its purchasing strategies in a timely manner.

While Pioneer expects its existing debt portfolios to provide customer payments in the future, there can be no guarantee that customer payments will be consistent with historical performance or will meet forecast rates. The statistical models and analytical tools that Pioneer uses in its business to assess and analyse debt portfolios may prove to be inaccurate, and Pioneer may not achieve anticipated customer payments which could lead to valuation impairments on portfolios.

If the assumptions used by Pioneer in its models are incorrect or if some of the accounts in a debt portfolio behave differently from the way Pioneer expects, this could result in a loss of value in a portfolio after purchase and a continuing deterioration in value over time as actual revenue can deviate significantly from the revenue estimates produced by Pioneer's pricing model as accounts age.

If the value of Pioneer's debt portfolios deteriorates, or Pioneer is unable to collect sufficient amounts on its portfolios, it may not be able to take advantage of opportunities for further portfolio purchases as they arise. Ultimately, all portfolios have a finite life and must be replaced with new portfolios.

(f) **Technology**

Pioneer is heavily reliant on technology to manage its day-to-day operations. Should an event or series of events (including a breach of cybersecurity or data hacking incident) 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.

(g) **Staffing**

Pioneer's success depends on identifying, hiring, training, and retaining skilled personnel and senior management. Pioneer needs to retain its existing trained workforce and attract new personnel as it grows. Competition for such personnel is keen and there can be no assurance that Pioneer will always be successful in attracting and retaining such personnel.

If a significant number of staff leave Pioneer within a short period of time, Pioneer may suffer operational difficulties.

(h) **Reliance on key personnel**

Pioneer is substantially reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its business. There can be no assurance given that there will be no detrimental impact on Pioneer if one or more of these employees cease their employment with Pioneer.

(i) Loss of key relationships

A significant decrease in the volume of debt portfolios available for purchase from any significant vendor partner on acceptable terms would force Pioneer to seek alternative sources of portfolios to purchase. In addition to the factors that impact the supply of debt portfolios generally, vendor partners with whom Pioneer has strategic relationships may not continue to sell debt portfolios to Pioneer on desirable terms or in acceptable quantities, and Pioneer may not be able to replace such portfolios with portfolios from other debt vendors. A debt vendor's decision to sell a debt portfolio to Pioneer is based on various factors, including the price and terms offered and the quality of Pioneer's reputation, scale, track record of completed transactions and compliance history.

The loss of a key relationship with a vendor partner could jeopardise Pioneer's existing relationships with other vendor partners or its ability to establish new relationships with other vendor partners. Pioneer may be unable to find alternative sources from which to purchase debt portfolios and, even if such purchases could be successfully replaced, the search could take time or the portfolio could be of lower quality or higher cost, any of which could materially and adversely affect Pioneer's business, financial condition and results of operations.

The loss of a significant key relationship, or the loss of a number of key relationships at the same time, could prevent or restrict Pioneer's ability to purchase debt portfolios at current or forecast levels. This could impact profitability materially.

(j) Regulatory and legislative risks

Pioneer operates in an industry with a strict legal and regulatory framework. As with other regulated entities in the industry, Pioneer is often required to provide information to regulators, including ASIC and AFCA to respond to inquiries in relation to its activities and regulatory compliance. Any failure by Pioneer to comply with its Australian Credit License ('**ACL**') and applicable laws and regulations relating to the purchase of debt portfolios, collection on the accounts it acquires, the broader consumer credit industry and *National Consumer Credit Protection Act 2009 (Cth)* matters could result in the suspension, termination or impairment of Pioneer's ACL or the termination of certain forward flow agreements ('**FFAs**') and therefore could adversely affect Pioneer's reputation, its business and/or result in substantial losses.

Changes in the regulatory environment relating to the credit industry generally could have an effect on Pioneer's future business, operations, and financial performance. Pioneer is not currently aware of any specific material changes in relevant regulations or policy which are likely to materially adversely affect Pioneer or its business.

Pioneer must ensure that there are no breaches of its ACL, the *National Consumer Credit Protection Act 2009* (Cth), the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the *Privacy Act 1988* (Cth), the National Consumer Credit Protection Regulations 2010 and the National Credit Code or other relevant existing legislation in relation to its practices. Further compliance is also required to relevant sections of the Corporations Act.

Breaches of legislation or licence conditions or adverse changes in government policy can have significant consequences for Pioneer. Potential consequences include:

- civil and/or criminal penalties;
- significantly increased compliance costs;
- variation or imposition of license conditions or loss or suspension of licenses;
- temporary or permanent banning orders being made;

- being forced to change business practices;
- termination of certain PDP purchasing agreements;
- litigation being taken against Pioneer;
- imposition of enforceable undertakings or fines;
- reputational damage or reduction of the desirability of the Pioneer brand; and
- adverse effects on Pioneer's ability to retain business and attract new business.

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 Pioneer maintains a culture of regulatory compliance. 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. There is a risk that any new or changed legislation or regulations could require Pioneer to increase its spending on regulatory compliance and/or change its business practices. This could adversely affect Pioneer's profitability. There is a risk that such regulations could also make it uneconomic for Pioneer to continue to operate in places that it currently does business.

Pioneer complies with the requirements of the Corporations Act and the ASX with respect to financial and key management personnel remuneration reporting. Changes in legislation including Australian Accounting Standards and / or their application to accounting policy may result in unanticipated outcomes which could materially and adversely affect Pioneer's business, financial condition, and results of operations.

(k) **Funding to purchase new debt portfolios**

Pioneer's business depends on its ability to purchase debt portfolios at appropriate prices and then recover on the accounts in those portfolios.

Pioneer funds debt purchases by a combination of equity capital, debt and cash generated through revenue from operations. The ability of Pioneer to obtain this funding is dependent on Pioneer's performance and prospects as well as other factors outside the control of Pioneer, including but not limited to, general economic conditions and stock market conditions.

(l) **Forward flow agreements**

Pioneer purchases a significant amount of its debt portfolios under FFAs. The FFAs to which Pioneer is a party typically contain:

- termination clauses that allow the FFA to be terminated by the vendor partner in certain limited circumstances; and
- provisions which require Pioneer to "re-assign" particular accounts in specified circumstances.

As a result, Pioneer may be required to "re-assign" an account to a vendor partner on which it was successfully recovering which could lead to a decrease in revenue and profitability.

In a market of increased competition, Pioneer may be required to purchase debt portfolios at increased prices or, alternatively, reduce the number of portfolios it acquires if Pioneer is unable to fund a price increase at the then volume of purchase.

Pioneer generally contemplates future fluctuations in the value of the debt portfolios that it purchases through FFAs, but the statistical models and analytical tools that Pioneer uses in its business to assess and analyse debt portfolios may prove to be inaccurate. This could materially and adversely affect Pioneer's business, financial condition, and results of operations.

(m) **Future acquisitions**

Pioneer may selectively pursue acquisitions to complement its organic growth. However, there can be no assurance that Pioneer will be able to identify suitable acquisition candidates at acceptable prices or complete and integrate acquisitions successfully. The successful implementation of acquisitions will depend on a range of factors. Even if successfully executed and integrated, there is no guarantee of future performance of those acquisitions. In addition, Pioneer's future acquisitions may subject Pioneer to unanticipated risks or liabilities or disrupt operations and divert management's attention and resources from Pioneer's day-to-day operations.

To the extent that acquisitions are not completed, are not successfully integrated with Pioneer's existing business, or do not perform in line with expectations, the financial performance of Pioneer could be adversely impacted.

(n) **Management of financial growth**

The ability of Pioneer to achieve financial performance is dependent on a number of factors, not all of which are within the control of Pioneer.

In the future, Pioneer may require additional capital, whether by equity or debt, to explore and/or develop further business opportunities. There can be no assurance that Pioneer will be able to raise such capital on favourable terms, if at all.

The inability to raise additional capital, if required, may have a detrimental impact on Pioneer's financial performance and the ability of Pioneer to expand its business.

(o) **Dilution risk**

The capital structure of the Company will be impacted by the number of Shares issued pursuant to the Offer, as summarised in Section 3.1.

Future capital raisings and issues of securities by the Company may also dilute the percentage ownership of the Company of existing Shareholders. Such capital raisings may be undertaken to pursue further business opportunities or to repay part or all of the Company's debt.

Shareholders' percentage ownership of the Company will also be diluted upon the exercise by the respective holders of the Company's convertible securities that are currently on issue and that may be issued in the future. This may include the Company's Warrants, Options and Rights under the Pioneer Equity Incentive Plan.

(p) Increased competition

Pioneer faces competition from new and existing purchasers of debt portfolios. Pioneer's current competitors and any new competitors may have or may in the future develop substantially greater or better financial, technical, personnel or other resources such as more effective pricing and collection models, more efficient operating structures, greater adaptability to changing market needs and more established relationships in the debt purchase industry.

Pioneer may be unable to compete with businesses that offer higher prices for debt portfolios and other businesses may develop other competitive advantages that Pioneer cannot match. This may reduce Pioneer's access to, and success in, purchasing new debt portfolios.

There can be no guarantee that the structure of and competition within the market that Pioneer competes in will not change in a manner adverse to the interests of Pioneer.

In addition, there can be no guarantee that Pioneer's efforts to maintain or increase its market share will be successful or that any new ventures proposed will be achieved.

(q) Access to and use of data

Pioneer relies on data provided by multiple credit reference agencies, servicing partners and other sources. If any third-party sources were to stop providing this data for any reason, including a change in laws or regulations, or if they were to considerably raise the price of their services, Pioneer's business could be materially and adversely affected.

If competitors are able to develop or procure similar or more effective systems or methods to develop and process data, or if Pioneer becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently permitted, Pioneer may lose a competitive advantage and Pioneer's business, prospects, financial condition and results of operations could be materially and adversely affected.

(r) Economic factors

General economic conditions, such as interest rates, inflation, household disposable income, taxation, employment levels, consumer and business sentiment and market volatility may adversely impact Pioneer's activities, as well as its ability to fund those activities. There can be no guarantee that the current economic environment and receivables management sector conditions will remain the same and there is a risk that material adverse changes to general economic or industry conditions may have a material adverse impact on the financial performance of Pioneer, as a consequence of reduced customer or inability to service their obligations, leading to a loss of revenues. Changes in government monetary and regulatory policies could also affect Pioneer's business.

(s) Reputational risk

Pioneer's failure to protect its reputation could have a material adverse effect on Pioneer including its brand and profitability. Pioneer's brand could be jeopardised if it fails to maintain quality services or if Pioneer, or the third parties with whom it does business, fail to comply with regulations or accepted business practices (including ethical, social, product, labour and environmental standards, or related political considerations). If damage were to occur to Pioneer's reputation, the demand for Pioneer's services may be reduced and/or Pioneer's services may be boycotted. This will likely have an adverse effect on revenue margins, profitability and Pioneer's operations.

(t) **Litigation**

Other than as set out in this Prospectus, Pioneer is not currently involved in any material litigation, arbitration or proceedings. There is a risk that Pioneer may in the future have disputes with its customers, other third parties (including payment disputes) or have adverse findings made against it as a result of regulatory investigations and this may have an adverse impact on Pioneer's growth prospects, operating results and financial performance.

(u) **Unforeseen expenses**

Pioneer may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions, or expenses in relation to future unforeseen events.

Pioneer expects that it will have adequate working capital to conduct its stated objectives however, there is the risk that additional funds may be required to fund such unforeseen expenses and Pioneer's future objectives.

2. General risks

Most of the general risks discussed below are outside the control of Pioneer and the Board and cannot be mitigated.

(a) **Stock market volatility**

The market price of the Shares and Options may rise or fall depending upon a range of factors beyond Pioneer's control and which are unrelated to Pioneer's operational performance. The price of the Shares listed on ASX may also be affected by a range of factors including Pioneer's financial performance and by changes in the business environment.

The Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of national and international market factors that may affect the price of the Shares, including movements on international stock markets, economic conditions and general economic outlook, interest rates and exchange rates, inflation rates, commodity supply and demand, government taxation and royalties, legislation, monetary and other policy changes and general investors' perceptions. Neither Pioneer nor the Pioneer Directors have control over these factors.

(b) **General economic conditions**

The general economic climate may affect the performance of Pioneer. These factors include the general level of international and domestic economic activity, inflation and interest rates. These factors are beyond the control of Pioneer and the Pioneer Directors and their impact cannot be predicted.

(c) **Changes in laws and government policy**

Changes in laws and government policies (including changes to Pioneer's industry), both domestically and internationally, may adversely affect the financial performance or the current and proposed operations of Pioneer.

(d) **Insurance risks**

Although Pioneer maintains insurance, no assurance can be given that adequate insurance will continue to be available to Pioneer in the future on commercially acceptable terms.

(e) **Government actions and other events**

The impact of actions by domestic and international governments may affect Pioneer's activities, including in relation to its infrastructure, compliance with environmental regulations, export, taxation and royalties.

Events may occur within or outside Australia that could impact on the world economy, the financial services market, Pioneer's operations and the price of the Shares. These events include war, geopolitical incidents, acts of terrorism, civil disturbance, political intervention, pandemic and natural disasters. Pioneer has only a limited ability to insure against some of these risks.

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

In July 2024 the following events occurred relating to employee share schemes provided:

Expiry Date	No. Shares	Value per share	Change	Exercise	Consideration
1 July 2024	280,000	$0.49	Vested	$nil	$nil
1 July 2024	135,000	$0.49	Settled in Cash	$nil	$nil
12 July 2024	274,241	$nil	Lapsed	$nil	$nil

On 26 July 2024, the Group completed Financial Close of a new four-year $272.5m syndicated senior finance facility, replacing the $216.8m Senior Facility in place at 30 June 2024 (note 16). $21.5m of Medium-Term Notes (MTNs) also being subject to re-finance and are contracted to complete before 30 September 2024. The Syndicated facility comprises of two cash advance facilities of $222.5m and $50m respectively, both incurring interest at the Bank Bill Swap Rate (BBSW) plus 5.5%.

On 29 July 2024, 5,416,881 warrants were converted into fully paid ordinary shares at an issue price of $0.48. On 8 August 2024, the group completed the issue of 100 fully paid ordinary shares at an issue price of $0.48.

Environmental regulation

The Company is not affected by any significant environmental regulations.

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 2024.

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 2024 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 Suzan Pervan (commenced on 29 August 2023)	Independent Non-Executive Director
Ms Pauline Gately (commenced on 29 August 2023)	Independent Non-Executive Director
Ms Michelle d'Almeida (resigned on 29 August 2023)	Independent Non-Executive Director

Executives	
Ms Susan Symmons	Company Secretary
Ms Andrea Hoskins	Chief Operating Officer
Mr Barry Hartnett	Chief Financial Officer
Mr Ian Brunette (resignation accepted on 23 February 2024)	Chief Information Officer

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 4 years;
b) Rights are issued for Nil consideration;
c) Performance rights convert to Ordinary Shares on a one-for-one basis;
d) Indeterminate rights may convert to Ordinary Shares on a one-for-one basis or, alternatively, the Board may determine that a vested Right will be satisfied by a cash payment in lieu of Ordinary Shares at the 5-day Volume Weighted Average Price ('VWAP') prior to each vesting date; and
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 performance indicators of the Group over the last five years.

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
(Loss)/Profit for the year attributable to owners of the Group	(10,039)	166	(33,094)	(19,655)	(40,084)
Basic (loss)/earnings per share (cents)	(8.66)	0.19	(40.48)	(30.43)	(63.36)
Dividend payments paid in financial year	-	-	-	-	-
Dividend payout ratio	N/A	N/A	N/A	N/A	N/A
Closing share price	$0.50	$0.31	$0.42	$0.50	$0.29
Increase/(Decrease) in share price	61.3%	(26.2%)	(17.0)%	75.4%	(89.4)%

Remuneration governance

The Board has a People, Remuneration and Nomination Committee ('PRNC'). 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.

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.

The Committee reviews its remuneration strategy at least annually to ensure that 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.

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 advisor is made in accordance with the ASX Corporate Governance Principles.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

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 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 which ensure executives are 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, 2020 and 2023 AGMs the Company refreshed the Plan under ASX Listing Rule 7.2 (Exception 13).

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 and rewarding skilled employees.

Long term incentive awards in place during the year

Details of Rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period are as follows:

Name	No of rights	Grant date	Expiry date	Fair value at grant date
Mr Keith John	2,807,766	31 October 2023	30 June 2026	$0.375
Ms Andrea Hoskins	1,622,986	31 October 2023	30 June 2026	$0.375
Mr Barry Hartnett	1,622,986	31 October 2023	30 June 2026	$0.375
Mr Ian Brunette[1]	589,378	31 October 2023	30 June 2026	$0.375
Ms Susan Symmons[2]	267,908	15 July 2024	30 June 2026	$0.550

1 Mr Ian Brunette commenced 3 July 2023 and his resignation was accepted effective 23 February 2024
2 A valid expectation was created with Ms Symmons in relation to this grant on 31 October 2023.

All awards made in FY24 have a $nil exercise price, a performance period from 31 October 2023 to 30 June 2025, and have been fair valued at the grant date using a Black-Scholes pricing model. No dividends are paid and no voting rights issued to holders of performance and indeterminate rights.

Vesting of the above Rights are subject to employment at the vesting date and the achievement of annual financial performance targets as set by the Board. For Rights where those annual financial performance targets have been met, final vesting is subject to the achievement of a final hurdle, being a net profit after tax of at least $18m in FY26.

Long term incentive awards modified during the year

On 3 November 2023 the conditions of Performance rights granted (for members of the Executive and leadership, excluding the Managing Director) on 23 September 2020 were modified. This modification was to include a condition that the Rights were to be valued using volume-weighted average price, resulting in an incremental fair value of $545,710 as calculated using a Black-Scholes pricing model, recognised as a share-based expense over the remaining vesting period. The terms of the Rights have been summarised below:

	After modification	Before modification
Number of rights	2,050,000	2,050,000
Grant/Modification date	3 November 2023	23 September 2020
Expiry date	23 September 2024	23 September 2024
Share price at grant/modification date	$0.340	$0.285
Exercise price	$nil	$nil
Fair value - per right	$0.3400	$0.0738
Fair value – total	$697,000	$151,290

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.

Non-Executive Directors fees for FY24 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 renumeration in accordance with applicable accounting standards

Statutory remuneration tables

Non-Executive Directors					
	Fixed remuneration[1]				
Year	Cash salary	Non-monetary benefits	Annual & long service leave	Post-employment benefits	Total
	$	$	$	$	$
Mr Stephen Targett					
2024	160,000	-	-	17,600	177,600
2023	127,692	-	-	13,408	141,100
Mr Peter Hall					
2024	114,077	-	-	12,548	126,625
2023	106,692	-	-	11,203	117,895
Ms Suzan Pervan[2]					
2024	86,308	-	-	9,494	95,802
2023	-	-	-	-	-
Ms Pauline Gately[3]					
2024	92,862	-	-	9,176	102,038
2023	-	-	-	-	-
Ms Michelle d'Almeida[4]					
2024	20,000	-	-	2,200	22,200
2023	100,000	-	-	10,500	110,500
Mr Michael Smith[5]					
2024	-	-	-	-	-
2023	86,154	-	-	9,046	95,200
Ms Andrea Hall[6]					
2024	-	-	-	-	-
2023	85,348	-	-	3,392	88,740
Total					
2024	473,247	-	-	51,018	524,265
2023	505,886	-	-	47,549	553,435

1 No variable Remuneration was paid in FY24 or FY23.
2 Ms Suzan Pervan was appointed on 29 August 2023.
3 Ms Pauline Gately was appointed on 29 August 2023. Ms Pauline Gately is paid via a contracting arrangement through an invoice which is GST inclusive. Payment to a director constitutes an employee relationship for the purposes of the superannuation guarantee, superannuation is paid for Ms Pauline Gately on the invoice amount exclusive of GST.
4 Ms Michelle d'Almeida resigned on 29 August 2023.
5 Mr Michael Smith resigned on 31 December 2022.
6 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	Options	Indeterminate rights	Total
	$	$	$	$	$	$	$
Mr Keith John							
2024	778,500	12,034	(48,463)	27,399	177,666	214,860	1,161,996
2023	778,500	11,718	18,303	25,292	426,400	37,099	1,297,312

Executive Key Management Personnel							
	Fixed Remuneration				Variable Remuneration		
Year	Cash salary	Non-monetary benefits	Annual & long service leave	Post-employment benefits	Options	Performance rights	Total
	$	$	$	$	$	$	
Ms Susan Symmons							
2024	285,600	12,034	(33,381)	27,399	-	102,286	393,938
2023	280,000	11,718	7,736	25,292	-	24,243	348,989
Ms Andrea Hoskins							
2024	450,000	12,034	(15,014)	27,399	-	238,738	713,157
2023	450,000	11,718	26,185	25,292	-	17,742	530,937
Mr Barry Hartnett							
2024	450,000	12,034	(53,558)	27,399	-	432,373	868,248
2023	450,000	11,718	52,121	25,292	-	101,143	640,274
Mr Ian Brunette[1]							
2024	226,470	7,748	-	20,549	-	-	254,767
2023	-	-	-	-	-	-	-
Mr Joseph Terribile[2]							
2024	-	-	-	-	-	-	-
2023	320,000	77,254	12,009	25,292	-	-	434,555
Total							
2024	2,190,570	55,884	(150,416)	130,145	177,666	988,257	3,392,106
2023	2,278,500	124,126	116,354	126,460	426,400	180,227	3,252,067

1 *Mr Ian Brunette commenced 3 July 2023 and his resignation was accepted effective 23 February 2024*
2 *Mr Joseph Terribile's resignation was accepted effective 30 June 2023*

Proportion of fixed and variable remuneration

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

		Fixed remuneration	At risk – STI	At risk – LTI
Executive Director				
Mr Keith John	2024	66%	-	34%
Executive Key Management Personnel				
Ms Susan Symmons	2024	74%	-	26%
Ms Andrea Hoskins	2024	67%	-	33%
Mr Barry Hartnett	2024	50%	-	50%
Mr Ian Brunette[1]	2024	100%	-	-

1 *Mr Ian Brunette commenced 3 July 2023 and his resignation was accepted effective 23 February 2024.*

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 p.a. plus superannuation	Continuing agreement with 12 months' notice by either party
Ms Susan Symmons	Company Secretary	$356,250 p.a. plus superannuation pro-rata on a 0.8 basis	Continuing agreement with 3 months' notice by either party
Ms Andrea Hoskins	Chief Operating Officer	$450,000 p.a. plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Barry Hartnett	Chief Financial Officer	$450,000 p.a. plus superannuation	Continuing agreement with 6 months' notice by either party
Mr Ian Brunette[1]	Chief Information Officer	$350,000 p.a. plus superannuation	Continuing agreement with 3 months' notice by either party

1 *Mr Ian Brunette commenced 3 July 2023 and his resignation was accepted effective 23 February 2024.*

KMP Security holdings

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.

Rights

Name	Balance at 1 July 2023	Granted	Vested	Lapsed	Balance at 30 June 2024	Unvested
Executive Director						
Mr Keith John	75,000	2,807,766	(75,000)	-	2,807,766	2,807,766
Key Management Personnel						
Ms Susan Symmons	368,000	-	(18,000)	-	350,000	350,000
Mr Barry Hartnett	1,507,500	1,622,986	(67,500)	-	3,062,986	3,062,986
Ms Andrea Hoskins	600,000	1,622,986	-	-	2,222,986	2,222,986
Mr Ian Brunette[1]	-	589,378	-	(589,378)	-	-
Total	2,550,500	6,643,116	(160,500)	(589,378)	8,443,738	8,443,738

1 *Mr Ian Brunette commenced 3 July 2023 and his resignation was accepted effective 23 February 2024.*

The below assumptions were used to determine the fair value of Performance rights at each date using a Black-Scholes pricing model using the grant date share price and historic share price volatility:

Grant date	31 October 2023	5 January 2024	15 July 2024[1]
Expiry date	30 June 2026	30 June 2026	30 June 2026
Share price at grant date	$0.375	$0.415	$0.550
Exercise price	Nil	Nil	Nil
Expected volatility	60%	60%	60%
Dividend yield	Nil	Nil	Nil
Risk free rate	4.40%	3.77%	4.11%
Fair value at grant date	$0.375	$0.415	$0.550

1 *Share-based expenses have been incurred for this grant in FY24 due to a valid expectation created on 31 October 2023.*

Listed Options

These options have an exercise price of $0.80 and expire on 31 March 2025.

Name	Balance at 1 July 2023	Issued	Other	Balance at 30 June 2024
Non-Executive Directors				
Mr Stephen Targett	136,363	-	-	136,363
Ms Michelle d'Almeida[1]	36,363	-	(36,363)	-
Total	172,726	-	(36,363)	136,363
Executive Director				
Mr Keith John	4,527,273	-	-	4,527,273
Total	4,527,273	-	-	4,527,273
Key Management Personnel				
Ms Susan Symmons	36,363	-	-	36,363
Mr Barry Hartnett	454,545	-	-	454,545
Ms Andrea Hoskins	272,727	-	-	272,727
Total	763,635	-	-	763,635
Total	**5,463,634**	**-**	**(36,363)**	**5,427,271**

1 *Ms Michelle d'Almeida resigned on 29 August 2023.*

Share Purchase Facility

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

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

	Balance at 1 July 2023	Granted as compensation	Repaid during the year	Balance at 30 June 2024
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.

On 13 November 2023, a loan was issued to the Managing Director for $1.5m.

All loans are on a full recourse basis with interest payable monthly at rates of 5% (May 2022 loans) and 7.6% (November 2023 loan) per annum. Both loans are secured by the underlying shares. The

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

Name	Balance at 1 July 2023	Loans issued	Interest accrued for the year	Interest paid for the year	Balance at 30 June 2024
	$	$	$	$	$
Mr Keith John	1,500,000	1,500,000	146,810	(146,810)	3,000,000
Mr Barry Hartnett	250,000	-	12,500	(12,500)	250,000
Ms Andrea Hoskins	150,000	-	7,500	(7,500)	150,000
Total	**1,900,000**	**1,500,000**	**166,810**	**(166,810)**	**3,400,000**

Unlisted Options

On 19 November 2020, Mr Keith John was issued with 8,000,000 Options and on 20 November 2023 5,000,000 Options were exercised at a price of $0.30 per option, for a total consideration of $1.50m. The remaining 3,000,000 options granted in FY21 lapsed as the conditions for their exercise were not met. No options were granted in FY24.

	Balance at 1 July 2023	Granted	Exercised	Lapsed	Balance at 30 June 2024
Managing Director – Keith John					
Units	8,000,000	-	(5,000,000)	(3,000,000)	-
Value per unit	$0.45[1]	-	$0.35[2]	$0.43[1]	-
Value		-	$1,750,000	$1,279,200	-

1 Fair value at grant date in line with AASB2
2 Fair value on exercise date

The total remuneration expense for Mr Keith John in respect of the above options was $177,666, representing 15.3% of total remuneration for the year.

Shareholdings

Name	Balance at 1 July 2023	Changes during the year	Balance at 30 June 2024
Non-Executive Directors			
Mr Stephen Targett	136,363	75,000	211,363
Mr Peter Hall	225,000	-	225,000
Ms Michelle d'Almeida[1]	36,363	(36,363)	-
Ms Suzan Pervan	-	-	-
Ms Pauline Gately	-	-	-
Total	397,726	38,637	436,363
Executive Director			
Mr Keith John	12,272,934	5,025,000	17,297,934
Total	12,272,934	5,025,000	17,297,934
Executive Key Management Personnel			
Ms Susan Symmons	513,404	18,000	531,404
Mr Barry Hartnett	933,370	67,500	1,000,870
Ms Andrea Hoskins	397,727	-	397,727
Total	1,844,501	85,500	1,930,001
Total	**14,515,161**	**5,149,137**	**19,664,298**

1 *Ms Michelle d'Almeida resigned on 29 August 2023.*

Other transactions with KMP and Directors

During the year, entities related to Mr Stephen Targett (Chairman) acquired on the open market 80,000 Medium Term Notes ('MTNs') of Pioneer Credit Limited at an average unit cost of $92.0149. The terms and conditions were identical to the remainder of the 55,500,000 Pioneer Credit Limited MTNs in issue.

END OF REMUNERATION REPORT

Shares issued on exercise of equity instruments

Ordinary shares were issued during the year ended 30 June 2024 and up to the date of this report on exercise of the following instruments:

Instrument	Exercise price	Number of shares issued
Options – unlisted	$0.30	5,000,000
Warrants – listed (expiring 25 September 2024)	$nil	5,433,548
Indeterminate rights	$nil	75,000
Performance rights	$nil	451,000
Total		**10,959,548**

Shares under option

Unissued ordinary shares pending exercise at the date of this report are as follows:

Instrument	Exercise price	Maximum shares converted
Options – listed (expiring 31 March 2025)	$0.80	29,361,726
Warrants – listed (expiring 25 September 2024)	$nil	133,260
Indeterminate rights	$nil	2,807,766
Performance rights	$nil	8,901,259
Total		**41,204,011**

All unissued shares are convertible on a one for one basis. No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. Further details about share-based payments to directors and KMP are included in the remuneration report.

Indemnity and 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.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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 2024, RSM did not provide the group any non-audit services.

A copy of the Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is on page 44.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Targett

Chairman

Perth

30 August 2024

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Pioneer Credit Limited for the year ended 30 June 2024, 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

RSM AUSTRALIA

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 30 August 2024

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 28 June 2024 and reflects the corporate governance practices in place throughout the 2024 financial year and was approved by the Board on 29 August 2024. The Group's Corporate Governance Statement can be viewed at:

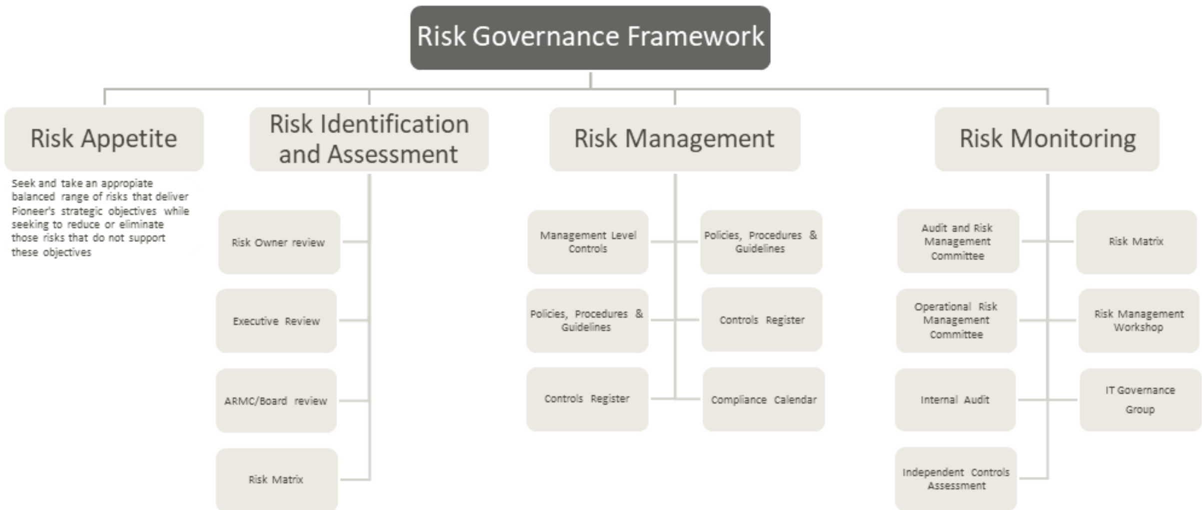
https://pioneercredit.com.au/corporate/governance

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 Risk Manager 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 2024

Financial Statements

Contents

Consolidated statement of financial position

	Note	2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	4,149	8,410
Trade and other receivables	9	4,331	1,490
Other current assets	10	1,496	693
Current tax asset		3	3
Purchased debt portfolio	11	114,058	106,096
Total current assets		**124,037**	**116,692**
Non-current assets			
Property, plant and equipment	12	524	681
Intangible assets	12	786	489
Right of use assets	13	6,420	7,419
Other non-current assets	10	5,924	3,286
Deferred tax assets	25	21,367	-
Purchased debt portfolio	11	208,878	198,187
Total non-current assets		**243,899**	**210,062**
Total assets		**367,936**	**326,754**
LIABILITIES			
Current liabilities			
Trade and other payables and liabilities	14	25,656	6,145
Provisions	15	2,234	2,082
Lease liabilities	13	1,277	1,116
Borrowings	16	254,270	11,335
Total current liabilities		**283,437**	**20,678**
Non-current liabilities			
Provisions	15	1,047	872
Lease liabilities	13	6,911	8,153
Borrowings	16	32,347	255,119
Total non-current liabilities		**40,305**	**264,144**
Total liabilities		**323,742**	**284,822**
Net assets		**44,194**	**41,932**
EQUITY			
Contributed equity	19	117,664	103,755
Reserves	19	7,178	10,065
Accumulated losses		(80,648)	(71,888)
Capital and reserves attributable to owners of Pioneer Credit Ltd		**44,194**	**41,932**
Total equity		**44,194**	**41,932**

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

		2024	2023
Continuing operations	**Note**	**$'000**	**$'000**
Interest income at amortised cost	11	83,576	73,709
Net impairment (loss)/gain on PDPs	11	(17,839)	3,767
Other income	20	5,343	5,261
		71,080	**82,737**
Employee expenses	21	(36,184)	(34,365)
Finance expenses	22	(43,627)	(33,839)
Direct liquidation expenses		(4,187)	(3,572)
Information technology and communications		(4,171)	(3,456)
Depreciation and amortisation	12,13	(1,834)	(2,229)
Consultancy and professional fees	23	(9,005)	(1,741)
Other expenses	24	(3,473)	(3,365)
(Loss)/Profit before income tax		(31,401)	170
Income tax benefit/(expense)	25	21,362	(4)
(Loss)/Profit after income tax expense for the year		**(10,039)**	**166**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(210)	41
Other comprehensive income for the year, net of tax		(210)	41
Total comprehensive (loss)/profit for the year		**(10,249)**	**207**
Total comprehensive (loss)/income for the year is attributable to:			
Owners of Pioneer Credit Limited		**(10,249)**	**207**
(Loss)/Earnings per share			
Basic (cents per share)	27	(8.66)	0.19
Diluted (cents per share)	27	(8.66)	0.17

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

	Note	Contributed Equity	Share Based Payment Reserve	Other Reserves	Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		**103,589**	**7,015**	**2,530**	**(72,054)**	**41,080**
Profit after income tax for the year		-	-	-	166	166
Other comprehensive income for the year net of tax		-	-	41	-	41
Transactions with owners in their capacity as owners:						
Treasury share acquired	19	(84)	-	-	-	(84)
Share based payments	26	-	729	-	-	729
Issue of treasury shares to employees	19	250	(250)	-	-	-
		166	**479**	**-**	**-**	**645**
Balance at 30 June 2023	19	**103,755**	**7,494**	**2,571**	**(71,888)**	**41,932**
Balance at 1 July 2023		**103,755**	**7,494**	**2,571**	**(71,888)**	**41,932**
Loss after income tax for the year		-	-	-	(10,039)	(10,039)
Other comprehensive income for the year net of tax		-	-	(210)	-	(210)
Transactions with owners in their capacity as owners:						
Issue of shares	19	9,462	-	-	-	9,462
Share based payments	26	-	1,549	-	-	1,549
Exercise of options	19	3,825	(2,325)	-	-	1,500
Share plan shares vested	19	609	(609)	-	-	-
Share plan shares lapsed	19	-	(1,279)	-	1,279	-
Warrants converted	19	13	-	(13)	-	-
		13,909	**(2,664)**	**(13)**	**1,279**	**12,511**
Balance at 30 June 2024		**117,664**	**4,830**	**2,348**	**(80,648)**	**44,194**

pioneer credit

Consolidated statement of cash flows

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from liquidations of PDPs and services (inclusive of GST)	11	138,638	138,840
Payments to suppliers and employees (inclusive of GST)		(50,976)	(47,387)
Interest received		410	182
Interest paid		(37,301)	(30,047)
Income taxes paid		(5)	(5)
Cash flows from operating activities before changes in operating assets		**50,767**	**61,583**
Acquisitions of PDPs	11	(79,598)	(81,546)
Net cash outflow used in operating activities	8	**(28,832)**	**(19,963)**
Cash flows from investing activities			
Payments for property, plant and equipment		(77)	(256)
Payments for intangible assets		(630)	(222)
Net cash outflow used in investing activities		**(707)**	**(478)**
Cash flows from financing activities			
Proceeds from borrowings		29,750	21,393
Repayment of borrowings		(12,223)	(14,003)
Proceeds from issue of ordinary shares net of issue costs		9,462	-
Lease payments		(1,711)	(1,610)
Net cash flow from financing activities		**25,278**	**5,780**
Net decrease in cash and cash equivalents		**(4,261)**	**(14,661)**
Cash and cash equivalents at the beginning of the financial year	8	8,410	23,071
Cash and cash equivalents at the end of the financial year	8	**4,149**	**8,410**

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

Notes to the consolidated financial statements

1. Reporting entity

The Consolidated Financial Statements for the financial year ended 30 June 2024 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 29 August 2024.

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 notes:

Note 11 (p.69) - Purchased debt portfolios ('PDP's')

Note 13 (p.73) – Leased Assets

Note 25 (p.84) – Deferred tax assets

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, convincing other evidence, 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.

g) Adoption of new and revised Accounting Standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

h) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 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.

For the year ended 30 June 2024, the Group incurred a net loss after tax of $10.0m (2023: $0.2m profit) and as at year end has net current liabilities of $159.4m (2023: $96.0m net current assets).

Current liabilities at year end include $235.0 million relating to the Group's borrowing which have been classified as current in connection with the Group's refinancing. The Group provided an irrevocable prepayment notice to Fortress on 28 June 2024 in relation to the Senior Debt Facility ($213.5m), with a further $21.5m of Medium-Term Notes (MTNs) also being subject to re-finance. Financial close of the Group's new Senior Debt Facility (Syndicated Facility) occurred on 26 July 2024 and the refinance of the MTNs are contracted to complete before 30 September 2024.

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 twelve months from the date of issue of the financial statements, including satisfying financial covenants and other compliance obligations relating to its Syndicated Facility and 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;
- Reduced finance costs arising from the Group's new Syndicated Facility;
- Portfolio sales, in line with the Company's capital management strategy;
- Remediation programs from various partner vendors;
- Operational FTE recruitment; and,
- Expense management

The Syndicated Facility, MTNs and Other loans 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.

The going concern forecast includes assumptions relating to recoverability of ongoing remediation programs from a vendor partner. In the event this does not eventuate to the extent forecasted, the Group anticipates these would not have an adverse impact on the going concern assumptions. The Group has the levers available as mentioned above.

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

In June 2024, the Group provided irrevocable notice to Fortress Investment Group ('Fortress'), with a new Senior Facility Agreement, arranged by Nomura Australia Ltd. which settled on 26 July 2024. The Company also completed the exchange offer on its MTNs on 28 June 2024.

In December 2023, the group entered a securitised arrangement with Nomura Singapore Limited. The purpose of this facility was to acquire two inventory portfolios through an amortising facility.

5. Material accounting policy information

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 2024. 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 equivalent

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 2024 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 ±5%, the carrying value of PDPs at 30 June 2024 of $322.9m would change by $15.1m in a downside scenario and $15.0m 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. Depreciation for each asset is recorded within the following ranges:

- Plant and equipment 15% - 50%
- Furniture, fittings, and equipment 11% - 50%
- Leasehold improvements 11% - 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:

a) The after income tax effect of interest and other financing costs associated with dilutive potential Ordinary shares; and
b) 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 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	2024	2023
		$'000	$'000
Financial assets			
Cash and cash equivalents	Variable	4,149	8,410
Trade and other receivables	None	4,331	1,490
Purchased Debt Portfolios	Fixed	322,936	304,283
Financial liabilities			
Trade and other payables	None	25,656	6,145
Borrowings – before transaction costs:			
Senior financier	Variable	214,631	208,893
Medium term notes	Variable	53,181	53,345
Other loans	Fixed	18,805	352

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 2024				
Trade and other payables	25,656	-	-	25,656
Borrowings	254,270	755	31,592	286,617
	279,926	**755**	**31,592**	**312,273**
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**

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 2024 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	2024	2023
	$'000	$'000
Loss allowance at 1 July	31	98
Increase/(Decrease) in provision for loss allowance	83	(67)
Loss allowance at 30 June	**114**	**31**

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	150+	Total
Expected Credit Loss Rates							
Grid 1	4.7%	6.1%	11.1%	17.5%	19.3%	21.6%	
Grid 2	8.5%	9.5%	9.7%	9.9%	10.0%	57.7%	
Gross Carrying Amounts ($'000)							
Grid 1	665	-	-	-	-	82	**747**
Grid 2	201	177	-	86	60	28	**552**
Lifetime expected loss	49	17	-	8	6	34	**114**

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. Cash and Cash Equivalents

a) Cash and cash equivalents

	2024	2023
	$'000	$'000
Cash at bank	4,149	8,410
	4,149	**8,410**

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

	2024	2023
	$'000	$'000
(Loss)/Profit for the period	**(10,039)**	**166**
Non-cash items in profit or loss:		
Other non-cash expenses	(22)	(93)
Lease liability interest accrual	611	669
Expected credit losses	83	(66)
Non-cash employee benefits expense	1,629	842
(Gain)/Loss on modification of borrowings	2,241	-
Income tax (benefit)/expense	(21,362)	4
Depreciation and amortisation	1,834	2,229
Interest and transaction costs	3,063	2,546
Embedded derivative	189	-
(Increase)/Decrease in assets:		
Trade and other receivables	(2,841)	4,750
PDPs	(18,653)	(8,767)
Other assets	(1,941)	502
Increase/(Decrease) in liabilities:		
Trade and other payables and liabilities	16,096	(22,397)
Interest payable	190	(336)
Provisions	90	(12)
Net cash flow outflow used in operating activities before changes in operating assets	**(28,832)**	**(19,963)**

c) Non-cash investing and financing activities

	2024	2023
	$'000	$'000
Issue of KMP Loans	(1,500)	-
	(1,500)	**-**

9. Trade and Other Receivables

	2024	2023
	$'000	$'000
Trade receivables	1,619	468
Other receivables	2,712	1,022
	4,331	**1,490**

10. Other Assets

	2024	2023
	$'000	$'000
Current		
Prepayments	1,496	693
	1,496	**693**
Non-current		
Cash backed rental guarantee	1,506	1,386
Debt service reserve account	1,018	-
Loans to management[1]	3,400	1,900
	5,924	**3,286**

1 All loans are issued on a full recourse basis and have been assessed as recoverable from the counterparty in the event of a fall in the share price of the company.

11. Purchased Debt Portfolios

	2024	2023
	$'000	$'000
Current	114,058	106,096
Non-current	208,878	198,187
	322,936	**304,283**

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:

	2024	2023
	$'000	$'000
Balance at 1 July	304,283	295,516
Debt portfolios acquired	88,979	59,249
Cash collections of PDPs	(136,063)	(127,958)
Interest income accrued	83,576	73,709
Net impairment (loss)/gain	(17,839)	3,767
Balance at 30 June	**322,936**	**304,283**

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.

12. 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
Balance at 1 July 2022	604	43	157	804
Additions	164	-	85	249
Depreciation charge	(254)	(11)	(107)	(372)
Balance at 30 June 2023	**514**	**32**	**135**	**681**
Cost	2,075	641	2,196	4,912
Accumulated depreciation	(1,561)	(609)	(2,061)	(4,231)
Net book amount	**514**	**32**	**135**	**681**
Balance at 1 July 2023	514	32	135	681
Additions	60	-	48	108
Depreciation charge	(189)	(6)	(70)	(265)
Balance at 30 June 2024	**385**	**26**	**113**	**524**
Cost	2,135	641	2,244	5,020
Accumulated depreciation	(1,750)	(615)	(2,131)	(4,496)
Net book amount	**385**	**26**	**113**	**524**

b) Intangible assets

	Software and licenses
	$'000
Balance at 1 July 2022	958
Additions	180
Amortisation	(649)
Balance at 30 June 2023	**489**
Cost	3,076
Accumulated amortisation and impairment	(2,587)
Net book amount	**489**
Balance at 1 July 2023	489
Additions	629
Amortisation	(332)
Balance at 30 June 2024	**786**
Cost	3,706
Accumulated amortisation and impairment	(2,920)
Net book amount	**786**

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

For the year ended 30 June 2024, the Group conducted an impairment review in accordance with AASB 136 "Impairment of Assets." The assessment was carried out to determine whether any impairment indicators existed for its assets.

The Company has determined that there were no indicators of impairment for any of its assets during the reporting period. The assessment was based on a review of relevant internal and external factors, including but not limited to:

- Internal Factors: No significant declines in the performance of assets, changes in the use of assets, or evidence of obsolescence.
- External Factors: No adverse changes in market conditions, economic environment, or regulatory requirements that would affect the recoverable amount of the assets.

As a result of the assessment, the carrying amounts of the Company's non-financial assets remain unchanged. The Company will continue to monitor and review the carrying amounts of its assets for any indications of impairment.

13. Leased Assets

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 2022	8,446
Revaluation of lease asset on modification	179
Depreciation	(1,206)
Balance at 30 June 2023	**7,419**
Balance at 1 July 2023	7,419
Revaluation of lease asset on modification	237
Depreciation	(1,236)
Balance at 30 June 2024	**6,420**

b) Lease liabilities

	2024	2023
	$'000	$'000
Current lease liability	1,277	1,116
Non-current lease liability	6,911	8,153
	8,188	**9,269**

c) Maturity analysis - undiscounted

	$'000
Lease commitments at 30 June 2024	
Within one year	1,804
Later than one year but no later than five years	7,926
Later than 5 years	-
	9,730

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.

14. Trade and Other Payables and Other Liabilities

	2024	2023
	$'000	$'000
Trade and other payables	3,761	1,058
PDPs payable	11,566	2,082
Other liabilities	10,328	3,005
	25,656	**6,145**

15. Provisions

	2024	2023
	$'000	$'000
Current		
Provision for long service leave	692	583
Provision for annual leave	1,476	1,426
Share based payments	66	73
	2,234	**2,082**
Non-current		
Lease make good	664	396
Provision for long service leave	383	434
Share based payments	-	42
	1,047	**872**

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.

16. Borrowings

In June 2024, the Group provided irrevocable notice to Fortress Investment Group ('Fortress'), with a new Senior Facility Agreement, arranged by Nomura Australia Ltd. Most of the borrowings are presented as current in the financial statements, as the settlement scheduled and settled on 26 July 2024. The Company also completed the exchange offer on it MTN on 28 June 2024.

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Senior debt facilities	213,453	-	213,453	9,051	200,950	210,001
Medium term notes	21,467	31,592	53,059	-	54,169	54,169
Interest payable	1,460	-	1,460	1,932	-	1,932
Other loans	17,890	755	18,645	352	-	352
	254,270	**32,347**	**286,617**	**11,335**	**255,119**	**266,454**

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 – Fortress 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.

The property of Fortress Security comprises the Group's assets of $287,498,439 as at 30 June 2024 (30 June 2023: $326,754,000).

Secured liabilities and assets pledged as security – Nomura Security

In December 2023, the group entered into a securitised arrangement with Nomura Singapore Limited. The purpose of this facility was to acquire two inventory portfolios through an amortising facility.

Security has been pledged over all the assets and undertakings of each of Pioneer Credit (Fund 1) Pty Ltd with the financier being Nomura Singapore Limited ('Nomura').

The property of Nomura Security comprises the Group's assets of $35,437,325 as at 30 June 2024 (30 June 2023: $nil)

The Group has complied with the financial covenants of its borrowing facilities during all periods reported.

Financing arrangements

a) Senior Facility - Fortress

The Group has access to a Senior Facility of $213.4m at 30 June 2024 (2023: $215.2m) comprised of a $125m term facility, $75m as a revolving facility and a $13.4m delayed draw term loan facility.

The senior facility was fully drawn as at 30 June 2024 (2023: $5.3m). The Senior Facility maturity date is 5 November 2025.

This facility was extinguished on 26 July 2024 as the group refinanced the senior debt facility with Fortress Group.

b) Senior Debt Facilities – Nomura (Other loans)

During the year ended 30 June 2024 Pioneer Credit (Fund 1) Pty Ltd, a wholly owned subsidiary of Pioneer Credit Limited was advanced a facility from Nomura totalling $24.5m. The purpose of this was to facilitate an acquisition of PDPs in this entity.

Key terms of the loan

- Facility Commitment Amount fully drawn as at 30 June 2024 of 24.5m;
- A$24.5m Initial term of two years expiring December 2025;
- The Facility has a first ranking charge over the assets of the Special Purpose Vehicle ('SPV'), Pioneer Credit (Fund 1) Pty Limited; and
- Fixed interest rate plus BBSY (minimum 2.0%). The interest rate is set at 6.5%.
- The default rate is an additional margin of 3.0% p.a. over the applicable interest rate;
- Upfront fee of 1% (plus GST) of commitment total;
- Commitment fee of 3.0% per annum (not applicable to the growth facility until first drawdown);
- The financial covenant, specific to the SPV, to be tested quarterly:
    - Loan Book Value Ratio below 85% for the first 12 months and 75% thereafter

c) 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 an embedded derivative in respect of the early redemption call option 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
From 1 November 2022 to 31 October 2023	103 per cent
From 1 November 2023 to 31 October 2025	102 per cent
From 1 November 2024 to 31 October 2025	101 per cent
From and any time after 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 occur prior to 1 November 2024, with a separate derivative valued at $0.19m recognised at 30 June 2024 (2023: $nil).

On 28 June 2024, the Group renegotiated the terms of the notes and entered into an arrangement that settled on 3 July 2024 with the following terms:

- Extended the terms of $33m of notes
- $21m of new notes were issued
- $21m of old notes to be redeemed in August 2024 and September 2024, respectively.

Changes in liabilities arising from the financing activities

	$'000	$'000	$'000	$'000
	Balance at 1 July 2022	**Cash flow**	**Other non-cash flow[1]**	**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**

	$'000	$'000	$'000	$'000
	Balance at 1 July 2023	**Cash flow**	**Other non-cash flow[1]**	**Balance at 30 June 2024**
Borrowings	266,454	17,527	2,636	286,617
Lease liabilities	9,269	(1,692)	611	8,188
	275,723	**15,835**	**3,247**	**294,805**

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

17. Commitments

The Group has multiple service contracts at 30 June 2024 that include spending commitments. These include an IT contract ending November 2025, services contracts for the operation of its Philippines facility that ends in February 2026, and a CRM contract ending June 2028. The minimum contractual commitments resulting from these agreements are outlined below.

	2024	2023
	$'000	$'000
Within one year	2,018	2,955
Later than one year but not later than five years	2,557	4,012
	4,575	**6,967**

18. Financial Instruments

The Group has the following financial instruments

As at 30 June 2024	Measurement	Current	Non-current	Total
		$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	Amortised cost	4,149	-	4,149
Trade and other receivables	Amortised cost	4,331	-	4,331
Purchased Debt Portfolios	Amortised cost	114,058	208,878	322,936
Other assets	Amortised cost	1,496	5,924	7,420
		124,034	**214,802**	**338,836**
Financial liabilities				
Trade and other payables	Amortised cost	25,656	-	25,656
Borrowings	Amortised cost	254,270	32,347	286,617
		279,926	**32,347**	**312,273**

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**

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

19. Equity

Contributed equity

	2024		2023	
	Shares	**$'000**	**Shares**	**$'000**
Ordinary shares – fully paid excl. treasury shares	134,272,097	117,664	106,787,206	103,755

Share capital Movement

2023	**Shares**	**$'000**
Opening balance 1 July 2022	106,592,433	103,589
Treasury shares acquired	(272,727)	(84)
Treasury shares issued to employees	467,500	250
Warrants converted	-	-
Issue of shares	-	-
Closing balance 30 June 2023	**106,787,206**	**103,755**

2024	**Shares**	**$'000**
Opening balance 1 July 2023	106,787,206	103,755
Exercise of options	5,000,000	3,825
Vesting of shares	246,000	609
Warrants converted	16,667	13
Issue of shares	22,222,224	9,462
Closing balance 30 June 2024	**134,272,097**	**117,664**

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

2023	Shares	$'000
Opening balance 1 July 2022	5,351,660	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**

2024	Shares	$'000
Opening balance 1 July 2023	5,156,887	3,932
Treasury shares issued to employees	(5,246,000)	(2,635)
Treasury shares acquired during the period	500,000	150
Closing balance 30 June 2024	**410,887**	**1,447**

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.

Options

On 20 November 2023 5,000,000 unlisted options previously issued to the Managing Director were exercised. 3,000,000 options lapsed on the same date after conditions for the exercise of the Options were not satisfied.

As part of the Company's equity placement completed on 18 May 2022, 29,361,726 listed options were issued. These options have an exercise price of $0.80 and expire on 31 March 2025. At 30 June 2024, 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.

	2024	2023
	$'000	$'000
At 1 July	7,494	7,015
Share based payments and executive share plan	1,549	767
Transfer from reserve	(1,279)	(38)
Options exercised	(2,325)	-
Performance rights issued (refer to note 26)	(609)	(250)
At 30 June	**4,830**	**7,494**

Warrant reserve

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

	2024		2023	
	Number	**$'000**	**Number**	**$'000**
At 1 July	5,566,808	2,689	5,566,808	2,689
Warrants issued	-	-	-	-
Warrants converted	(16,667)	(13)	-	-
At 30 June	**5,550,141**	**2,676**	**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.

	2024	2023
	$'000	**$'000**
At 1 July	(118)	(159)
Foreign currency translation	(210)	41
At 30 June	**(328)**	**(118)**

20. Other Income

	2024	2023
	$'000	**$'000**
Fees for services	391	772
Interest Income	414	186
Other[1]	4,538	4,303
	5,343	**5,261**

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

21. Employee Expenses

	2024	2023
	$'000	**$'000**
Wages and salaries	28,354	28,676
Superannuation	2,719	2,532
Change in liabilities for employee benefits	82	60
Share based payment transactions (note 26)	1,549	729
Other associated personnel expenses	3,480	2,368
	36,184	**34,365**

22. Finance Expenses

	2024 $'000	2023 $'000
Bank fees and borrowing expenses	3,283	577
Loss on modification of borrowings	2,241	-
Interest and finance charges paid/payable for financial liabilities not at FV	37,492	32,593
Lease liability	611	669
	43,627	**33,839**

23. Consultancy and Professional Fees

	2024 $'000	2023 $'000
Consulting fees	8,000	949
Accounting fees	603	379
Legal fees	402	413
	9,005	**1,741**

24. Other Expenses

	2024 $'000	2023 $'000
Occupancy costs	924	970
Administration expenses	1,857	2,012
Other	609	449
Increase/(Decrease) in provision for loss allowance (note 6)	83	(66)
	3,473	**3,365**

25. Income Tax

Income tax recognised in profit or loss

	2024 $'000	2023 $'000
Current tax on profits for the year	5	4
Adjustments for current tax and deferred tax of prior periods	-	-
Deferred tax (benefit)/expense	(21,367)	-
Income tax (benefit)/expense	**(21,362)**	**4**

Numerical reconciliation prima facie tax to income tax benefit

	2024	2023
	$'000	$'000
(Loss)/Profit from operations before income tax expense	(31,401)	170
Tax at the Australian tax rate of 30.0% (2023: 30.0%)	(9,420)	51
Non-deductible entertainment costs	9	68
Non-deductible share-based payments	465	219
Other non-deductible expenses and assessable income	(346)	(18)
Deferred tax assets not previously recognised	(12,070)	(316
Income tax (benefit)/expense	**(21,362)**	**4**

Deferred tax asset comprises temporary differences attributable to:

	2024	2023
	$'000	$'000
Employee benefits (annual leave)	443	428
Retirement benefit obligations (superannuation payable)	184	-
Other accrued expenses (audit, accounting, payroll tax)	53	12
Fixed Assets	640	100
Provision for doubtful debts	34	9
Provision for long service leave	322	305
Provision for impairment (PDPs) through profit or loss	5,269	1,099
Provision for make-good lease	199	119
Unrealised FX (gains)/loss	1	38
Transaction costs	1,499	-
Lease liability	2,456	133
Tax losses	12,210	-
Deferred tax assets	**23,310**	**2,243**
Offset of deferred tax liabilities	(1,943)	(2,243)
Net deferred tax assets	**21,367**	**-**

Key estimates and judgements

Management has determined that the above deferred tax assets, comprising temporary differences and unused tax losses, on the basis that it is probable that the Group will derive future taxable profits sufficient to realise these assets. In undertaking this assessment, management has assessed forecast taxable profit sensitivities underpinned by Board approved forecasts for the period FY2025 to FY2029. Key assumptions forming the basis of the Board approved forecasts include cash flows associated with forecast PDP liquidations, acquisitions and sales, reduced senior debt financing costs and estimated operating costs. The recognition of deferred tax assets represents a management estimate and judgement which may have a significant risk of causing a material adjustment to the carry amount of the asset recognised within the next financial year.

Deferred tax liability comprises temporary differences attributable to:

	2024	2023
	$'000	$'000
Prepayments	(17)	(17)
Right of use asset	(1,926)	(2,226)
Deferred tax liability	**(1,943)**	**(2,243)**
Offset against deferred tax asset	1,943	2,243
Net deferred tax liability	**-**	**-**

Deferred tax assets not brought to account:

	2024	2023
	$'000	$'000
Unused tax losses	13,037	21,533
Other temporary differences	-	3,472
	13,037	**25,005**

The above deferred tax assets have not been recognised because the Group is not able to satisfy the asset recognition criteria at year end. Unused Tax Losses will be carried forward indefinitely to be offset against future taxable income subject to meeting the Australian Taxation Legislation requirements.

Deferred tax asset movements:

	2024	2023
	$'000	$'000
Opening balance	-	-
(Charged)/credited to P&L	23,310	-
	23,310	**-**

Deferred tax asset liability movements:

	2024	2023
	$'000	$'000
Opening balance	-	-
(Charged)/credited to P&L	(1,943)	-
	(1,943)	**-**

26. 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 (note 21) together with a corresponding increase in equity (reserves) over the vesting period. On 31 October 2023, 9,269,841 Rights were issued to executives and senior leadership. The share based expense in the period is as follows:

	2024	2023
	$'000	$'000
Existing plans	374	693
Plans granted during the year	672	36
Modification of plans	503	-
Total	**1,549**	**729**

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. An additional 276,705 shares were granted under the Incentive Plan on 5 January 2024. The below assumptions were used to determine the fair value of Performance rights at each date using a Black-Scholes pricing model using the grant date share price and historic share price volatility:

	2024	2024	2024
Grant date	31 October 2023	5 January 2024	15 July 2024[1]
Expiry date	30 June 2026	30 June 2026	30 June 2026
Share price at grant date	$0.375	$0.415	$0.550
Exercise price	Nil	Nil	Nil
Expected volatility	60%	60%	60%
Dividend yield	Nil	Nil	Nil
Risk free rate	4.40%	3.77%	4.11%
Fair value at grant date	$0.375	$0.415	$0.550

1 Share-based expenses have been incurred for this grant in FY24 due to the performance period starting at 31 October 2023

Summary of Rights Granted

	2024	2023
	Number of rights	Number of rights
Unvested Rights at 1 July	4,165,250	4,491,500
Issued	(246,000)	(467,500)
Lapsed	(554,575)	-
Cash settled	(236,250)	(108,750)
Granted	9,269,841	250,000

Unvested Rights at 30 June	12,398,266	4,165,250

Summary of Rights Modified

On 3 November 2023 the conditions of Performance rights granted on 23 September 2020 were modified. This modification was to include a condition that the Rights were to be valued using volume-weighted average price , resulting in an incremental fair value of $692,120 as calculated using a Black-Scholes pricing model, recognised as a share-based expense over the remaining vesting period. The terms of the Rights have been summarised below:

	After modification	Before modification
Number of rights	2,600,000	2,600,000
Grant/Modification date	3 November 2023	23 September 2020
Expiry date	23 September 2024	23 September 2024
Share price at grant/modification date	$0.340	$0.285
Exercise price	Nil	Nil
Fair value - per right	$0.3400	$0.0738
Fair value - total	$884,000	$191,880

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 500,000 shares during the financial year valued at $150,000. As at 30 June 2024 the Trust held 410,887 shares (2023: 5,156,887).

27. (Loss) / Earnings Per Share

Basic (loss) / earnings per share

	2024	2023
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	(8.66)	0.19
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Company	(8.66)	0.19

Diluted (loss) / earnings per share

	2024	2023
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	(8.66)	0.17

Total diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company	(8.66)	0.17

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

	2024	2023
	$'000	$'000
(Loss)/Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share.	(10,039)	166
(Loss)/Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share.	(10,039)	166

Weighted average number of shares used as the denominator

	2024	2023
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	115,870,793	106,141,050
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per	163,022,626	123,758,468

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.

28. Events Taking Place After the Reporting Period

In July 2024 the following events occurred relating to employee share schemes provided:

Issue Date	No. Shares	Value per share	Change	Exercise	Consideration
1 July 2024	280,000	$0.49	Vested	$nil	$nil
1 July 2024	135,000	$0.49	Settled in Cash	$nil	$nil
12 July 2024	274,241	$nil	Lapsed	$nil	$nil

On 26 July 2024, the Group completed Financial Close of a new four-year $272.5m syndicated senior finance facility, replacing the $216.8m Senior Facility in place at 30 June 2024 (note 16). $21.5m of Medium-Term Notes (MTNs) also being subject to re-finance and are contracted to complete before 30 September 2024. The Syndicated facility comprises of two cash advance facilities of $222.5m and $50m respectively, both incurring interest at the Bank Bill Swap Rate (BBSW) plus 5.5%.

On 29 July 2024, 5,416,881 warrants were converted into fully paid ordinary shares at an issue price of $0.48 per share. On 5 August 2024, the Group completed the issue of 100 fully paid ordinary shares at an issue price of $0.48 per share.

29. 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; and
- 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 2024 are set out in Note 16.

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%, $6.5m (2023: $6.5m).

30. 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 %	
			2024	2023
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
Pioneer Credit Fund 1 Pty Ltd[4]	Australia	Ordinary	100	N/A
Pioneer Credit (SPV) Pty Ltd[5]	Australia	Ordinary	100	N/A

[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
[4] Pioneer Credit (Fund 1) Pty Ltd was incorporated on 29 September 2023 and the purpose of this entity was to hold a separate security of assets
[5] Pioneer Credit (SPV) Pty Ltd was incorporated on 29 September 2023 and this entity owns 100% of the shares in Pioneer Credit (Fund 1) Pty Ltd

31. Parent Entity Financial Information

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

	2024	2023
	$'000	$'000
Balance Sheet		
Current assets	1,481	639
Total assets	120,542	167,600
Current liabilities	(267,755)	(4,770)
Total liabilities	(291,543)	(281,417)
Net assets	**(171,001)**	**(113,817)**
Contributed equity	117,664	104,075
Reserves	7,178	8,475
Accumulated losses	(295,843)	(226,367)
Total equity	**(171,001)**	**(113,817)**
Loss for the year from continuing operations	**(70,755)**	**(57,227)**

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 2024.

32. 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 30.

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.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the Closed Group.

	2024	2023
Statement of profit or loss and other comprehensive income of closed group	**$'000**	**$'000**
Interest income at amortised cost	75,090	73,089
Net impairment (loss)/gain on PDPs	(22,594)	3,767
Other income	804	5,236
	53,300	**82,092**
Employee expenses	(36,184)	(34,365)
Finance expenses	(42,145)	(33,836)
Direct liquidation expenses	(3,161)	(3,704)
Information technology and communications	(4,171)	(3,456)
Depreciation and amortisation	(1,834)	(2,229)
Consultancy and professional fees	(8,984)	(1,735)
Other expenses	(3,468)	(3,359)
Loss before income tax	(46,647)	(592)
Income tax benefit	21,367	-
Loss after income tax expense for the year	**(25,280)**	**(592)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation (loss) / gain	(392)	85
Other comprehensive income for the year, net of tax	(25,672)	(507)
Total comprehensive loss for the year	**(25,672)**	**(507)**

	2024	2023
Equity – accumulated losses of closed group	**$'000**	**$'000**
Accumulated losses at the beginning of the financial year	(73,219)	(72,627)
Loss after tax expense	(25,280)	(592)
Share plan shares lapsed	1,279	-
Accumulated losses at the end of the financial year	**(97,220)**	**(73,219)**

Statement of financial position of closed group	2024 $'000	2023 $'000
ASSETS		
Current assets		
Cash and cash equivalents	1,213	8,293
Trade and other receivables	3,487	1,023
Other current assets	1,496	693
Current tax asset	-	-
Purchased debt portfolio	100,834	104,285
Total current assets	**107,030**	**114,294**
Non-current assets		
Property, plant and equipment	524	681
Intangible assets	786	489
Right of use assets	6,420	7,419
Other non-current assets	5,552	3,932
Deferred tax assets	21,367	-
Purchased debt portfolio	184,320	194,805
Total non-current assets	**218,969**	**207,326**
Total assets	**325,999**	**321,620**
LIABILITIES		
Current liabilities		
Trade and other payables and liabilities	25,344	6,143
Provisions	2,234	2,082
Lease liabilities	1,277	1,116
Borrowings	241,538	7,536
Total current liabilities	**270,393**	**16,877**
Non-current liabilities		
Provisions	1,047	872
Lease liabilities	6,911	8,153
Borrowings	19,846	255,119
Total non-current liabilities	**27,804**	**264,144**
Total liabilities	**298,197**	**281,021**
Net assets	**27,802**	**40,599**
EQUITY		
Contributed equity	117,664	104,075
Reserves	7,358	9,743
Retained income	(97,220)	(73,219)
Total equity	**27,802**	**40,599**

33. Related Party Transactions

Key Management Personnel

	2024	2023
	$	$
Short-term employee benefits[1]	2,719,701	2,908,512
Post-employment benefits[2]	181,163	174,009
Other long-term benefits[3]	(150,416)	116,354
Options	177,666	426,400
Share based payments	988,257	180,227
	3,916,371	**3,805,502**

[1]Short-term benefits include salary, fees, non-monetary benefits and other benefits as per Corporation Regulation 2M.3.03(1) Item 6
[2]Includes superannuation guarantee
[3]Includes annual and long service leave

Transactions with other related parties

During the year $nil (2023: $67,561) was paid to Alana John Design, a related entity to Keith John.

Loans from related parties

The balance of and amounts owed to Directors and key management personnel in relation to Medium term notes are as follows:

	2024	2023
	$	$
Balance at 1 July	-	-
MTNs acquired by related parties during the year	80,000	-
Interest charged	1,519	-
Interest paid	(1,326)	-
Consent fee charged	80	-
Balance at 30 June	**80,273**	**-**

Loans to key management personnel

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.

In November 2023, a loan was issued to the Managing Director for $1.5m.

All loans are on a full recourse basis with interest payable monthly at rates of 5% (May 2022) and 7.6% (November 2023) per annum. May 2022 loans are secured by the underlying shares. The Company engaged external advisors to confirm that each loan transaction was of an arm's length nature and no employee benefits have been recognised in relation to the loans or share transaction.

	2024	2023
	$	$
Balance at 1 July	(1,900,000)	(2,050,000)
Loans to KMP	(1,500,000)	-
Loans extinguished[1]	-	150,000
Interest charged	(166,810)	(102,640)
Interest paid	166,810	102,640
Balance at 30 June	**(3,400,000)**	**(1,900,000)**

1 Includes write-off of $65,536

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:

	2024	2023
	$	$
RSM Australia:		
Audit and review of financial reports	471,900	374,000
Statutory assurance services required by legislation to be provided by the auditor	10,725	-
Total remuneration	**482,625**	**374,000**

Amounts are inclusive of GST and expense reimbursement.

Consolidated entity disclosure statement

Name of Entity	Entity Type	Country of Incorporation	Ownership %	Tax Residency
Pioneer Credit Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Solutions Pty Ltd	Body Corporate	Australia	100	Australia*
Sphere Legal Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit (Philippines) Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Connect Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Broking Services Pty Ltd	Body Corporate	Australia	100	Australia*
Switchmyloan Pty Ltd	Body Corporate	Australia	100	Australia*
Credit Place Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Acquisition Services (UK) Ltd	Body Corporate	United Kingdom	100	United Kingdom
Pioneer Credit Solutions (NZ) Ltd	Body Corporate	New Zealand	100	Australia*
Pioneer Credit Connect (Fund 1) Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Connect (Personal Loans) Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit Limited Equity Incentive Plan Trust	Trust	Australia	100	Australia*
Pioneer Credit Fund 1 Pty Ltd	Body Corporate	Australia	100	Australia*
Pioneer Credit (SPV) Pty Ltd	Body Corporate	Australia	100	Australia*

* Pioneer Credit Limited (the 'parent entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and notes set out on pages 50 to 97 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 2024 and of its performance for the year ended on that date;

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;

c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 30 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 32; and

d) the information disclosed in the consolidated entity disclosure statement is true and correct.

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

30 August 2024

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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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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* (*including independence standards*) (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.

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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Measurement of Purchased Debt Portfolios (PDPs)
Refer to Note 11 in the financial statements</td></tr>
<tr><td>The Group holds PDPs with a carrying value of $322,936,000, as set out in Note 11 of the financial statements. The PDPs are held at amortised cost.

The measurement of the PDPs is estimated by the Group using internally developed cash flow models (the models).

Complexity arises in respect of the accounting for PDPs due to the following:
• 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 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.

As a result, the assessment of the carrying value PDPs is a key audit matter.</td><td>Our audit procedures, including those performed by our Data Analytic and Corporate Finance specialists, included:
• 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, implementation and operating effectiveness 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 included the expected amounts and timing of cash flows from customers;
• Assessing the reasonableness of the assumptions and key estimates used in the PDP models by:
– 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;
• 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;</td></tr>
</table>

Key Audit Matter	How our audit addressed this matter
	• 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; and • Assessing the adequacy of disclosures contained in the financial report.
Liquidity and going concern Refer to Note 3 in the financial statements	
For the year ended 30 June 2024, the Group incurred a net loss after tax of $10,039,000 and has net current liabilities of $159,400,000. The Directors have prepared the financial report on the going concern basis. The Group's various borrowings facilities 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 11 to the financial statements. The achievement of the cash flow forecasts are subject to future events, some of which are beyond the direct control of the Group.	Our audit procedures included: • Assessing and discussing with management and Directors the reasonableness of the Group's cash flow forecast for the 12 month period ended 31 August 2025; • 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 and comparison of prior year forecast cash flows to actual cash flows; • 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 various borrowings facilities; • Checking the mathematical accuracy of covenant calculations over the 12 month period ended 31 August 2025 and critically assessing the forecasted covenant calculations including applying sensitivities to PDP liquidations, acquisitions and sales to identify reasonably possible potential breaches; and • Assessing the adequacy of disclosures made in the financial report.

Key Audit Matter	How our audit addressed this matter
Recoverability of Deferred Tax Assets Refer to Note 25 in the financial statements	
The Group has a deferred tax asset of $21,367,000 which has been recognised in the financial statements. The composition of this asset includes unused tax losses of $12,210,000. The treatment of this deferred tax asset is considered a key audit matter due to: • the inherent uncertainty in management forecasting whether or not sufficient taxable profits will be available in future to utilise recognised deferred tax assets; and • complexities associated with meeting the requirements of Australian Taxation Legislation with respect to the availability of unutilised tax losses.	Our audit procedures in relation to management´s recognition of deferred tax assets included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Engaging our internal tax experts to assist in evaluating management's assessment of the quantum and availability of unutilised tax losses of the Group available pursuant to Australian Taxation Legislation, including having consideration to advice provided by management's expert; • Engaging our internal tax experts to assist in testing the accuracy of the Group's current and deferred tax computation for the current year, including having consideration to advice provided by management's expert; • Evaluating management's assessment that sufficient taxable profit will be available to support the recognition of the deferred tax assets, including challenging the adequacy of evidence provided; • Obtaining management's forecasts of future taxable profits and critically evaluating and challenging key assumptions within those forecasts. Key assumptions included cash flows associated with forecast PDP liquidations and acquisitions, finance facility funding costs, operating cost estimates and future tax adjustments, including having consideration to advice provided by management's expert; and • Assessing the adequacy of disclosures contained in the financial report.

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 2024, 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:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of 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/admin/file/content102/c3/ar2_2020.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 the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Pioneer Credit Limited, for the year ended 30 June 2024, 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.

RSM

RSM AUSTRALIA

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 30 August 2024

Shareholder Information

The shareholder information set out below was applicable as at 26 August 2024.

Distribution of securities

Analysis of numbers of equity security holders by size of holding

Holding	Holders	Ordinary shares
1 – 1,000	460	196,471
1,001 – 5,000	466	1,267,609
5,001 – 10,000	219	1,665,704
10,001 – 100,000	487	16,911,980
100,001 and over	146	120,338,201
	1,778	140,379,965

Equity security holders

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

	Ordinary shares	
Name	Number held	% of issued shares
J P Morgan Nominees Australia Pty Limited	23,851,508	16.99%
Mr Keith Roy John	17,297,934	12.32%
Jamplat Pty Ltd	11,000,000	7.84%
Citicorp Nominees Pty Limited	9,099,549	6.48%
NGE Capital Limited	6,796,780	4.84%
Pacific Custodians Pty Limited	6,712,943	4.78%
Buttonwood Nominees Pty Ltd	4,576,511	3.26%
BNP Paribas Nominees Pty Ltd	2,821,133	2.01%
National Nominees Limited	2,349,803	1.67%
Mr Irwin David Klotz	2,100,000	1.50%
S & G Morris Super Pty Ltd	1,479,487	1.05%
ZLT Investment Co Pty Ltd	1,300,000	0.93%
Mr Sunny Yang & Mrs Connie Yang	1,193,252	0.85%
Mrs Lilian Jeanette Warmbrand	1,189,476	0.85%
Mr Barry Hartnett	1,090,870	0.78%
Stockhill Nominees Pty Ltd	1,000,000	0.71%
Lachlan 11 Holdings Pty Ltd	923,177	0.66%
Mr Allan Hart	903,100	0.64%
Dr Paul Matthew Sullivan Bailey	872,856	0.62%
Mr Darren Richard John & Mrs Melissa Jaimee John	847,009	0.60%

	Performance rights	
Name	**Number held**	**Holders**
Employee Incentive Plan	11,709,025	12

Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	% of issued shares
J P Morgan Nominees Australia Pty Limited	23,851,508	16.99%
Mr Keith Roy John	17,297,934	12.32%
Jamplat Pty Ltd	11,000,000	7.84%

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.

Thank You.