



Appendix 4D and Half-Year Report

For the half-year ended 31 December 2023



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General information

The financial statements cover Pioneer Credit Limited as a consolidated entity consisting of Pioneer Credit Limited and the entities it controlled at the end of, or during the half-year. The financial statements are presented in Australian dollars, which is Pioneer Credit Limited's functional and presentation currency.

Pioneer Credit Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business is:

Level 6
108 St Georges Terrace
Perth WA 6000

This interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Pioneer Credit Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).

Appendix 4D – Results for announcement to the market

For the half-year ended 31 December 2023

(previous corresponding period is the half-year ended 31 December 2022)

The Pioneer Credit Limited Group comprises Pioneer Credit Limited (ABN 44 103 003 505) and its controlled subsidiaries.

Results for announcement to the market

Key information				\$'000
Net revenue from ordinary activities	up	21%	to	46,525
Profit/(loss) from ordinary activities after tax attributable to the owners of Pioneer Credit Limited	up	103%	to	32
Net profit/(loss) for the half-year attributable to the owners of Pioneer Credit Limited	up	103%	to	32

Full commentary on the figures presented above and on the results for the period and other significant information is contained in the half year presentation, media release and the financial statements that accompany this Appendix 4D.

Dividends per ordinary share / distributions

There is no provision for an interim dividend in respect of the half-year ended 31 December 2023.

Key ratios

	31 Dec 2023	31 Dec 2022
	(cents)	(cents)
Net tangible assets per fully paid ordinary share	38.43	36.76

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the interim report.

Financial Statements

Released with this Appendix 4D are the following statements:

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

Signed



Keith John
Managing Director
Perth

Date: 29 February 2024

Corporate Directory

Directors

Mr Stephen Targett (Chairman)

Mr Keith John (Managing Director)

Mr Peter Hall

Ms Suzan Pervan (commenced 29 August 2023)

Ms Pauline Gately (commenced 29 August 2023)

Ms Michelle d'Almeida (resigned 29 August 2023)

Company Secretary

Ms Susan Symmons

Principal Registered Office

Level 6

108 St Georges Terrace

Perth WA 6000

+61 1300 720 823

Share Registrar

Link Market Services Limited

Level 12

250 St Georges Terrace

Perth WA 6000

+61 1300 554 474

Auditor

RSM Australia Partners

Exchange Tower

Level 32/2 The Esplanade

Perth WA 6000

+61 8 9261 9100

Solicitors

K&L Gates

Level 32

44 St Georges Terrace

Perth WA 6000

+61 8 9216 0900

Bankers

FCCD (Australia) Pty Ltd (Fortress Investment Group)
Suite 19.02, Level 19, Gateway
1 Macquarie Place
Sydney NSW 2000
+61 2 8239 1900

Stock Exchange Listings

Pioneer Credit Limited shares are listed on the
Australian Securities Exchange (ASX).

Website

www.pioneercredit.com.au

About Pioneer

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

With more than 246,000 customers throughout Australia 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 specialise in acquiring and servicing retail debt portfolios. 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 we work with our customers over time so that they can meet their obligations and progress toward financial recovery, and through this process evolve as a 'new consumer'.

We work with Australia's major banks and financial institutions. Our success has been built on long-lasting relationships, and while we have grown substantially, we remain small and agile enough to meet our clients' business requirements.

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

A focus on customer service

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

Strong corporate culture

Pioneer has a strong corporate culture, built around three Pioneer Principles. These are a very well defined set of values that our people work and live by. They form the core of what we expect in terms of behaviour from our people; they are embedded throughout the organisation and underpin every interaction we have with our customers and our stakeholders.

Directors' Report

The Board of Directors present their report on the Consolidated Entity ('the Group' or 'the Company') consisting of Pioneer Credit Limited ('Pioneer') and the entities it controlled at or during the half-year ended 31 December 2023.

Directors

The following people were Directors of Pioneer Credit Limited during the half-year and at the date of this report, unless otherwise stated:

Mr Stephen Targett (Chairman)

Mr Keith John (Managing Director)

Mr Peter Hall

Ms Suzan Pervan (commenced 29 August 2023)

Ms Pauline Gately (commenced 29 August 2023)

Ms Michelle d'Almeida (resigned 29 August 2023)

Principal activities

Pioneer acquires portfolios of customers experiencing financial difficulty, from quality vendors such as big Australian banks. By building a genuine relationship with each customer we support them to pay down their debt using an empathetic, ethical, human approach.

Customers are acquired in tranches called Purchased Debt Portfolios ('PDPs') and our business model relies on generating returns through our differentiated customer service approach and by carefully managing our cost to service ('CTS'). We are disciplined in our investment, relying on our extensive industry expertise, vendor relationships and considerable data analytics capability to only acquire where we know we can service those customers appropriately.

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

These metrics tie back to our strategic objectives and ensure that we have clear and consistent understanding of how we are performing as a business:

- Our ability to generate positive and sustainable customer outcomes is measured through cash collections and the growth of our Performing Arrangement ('PA') portfolio;
- The efficiency of our business is measured through CTS;

- Purchasing discipline and capability is measured through Return on Investment ('ROI');
- Employee satisfaction is measured by employee Net Promoter Score ('eNPS').

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

1H24 Performance review

Pioneer produced a first half statutory net profit after taxation for the first time since 2018. While only a small profit, it is instructive in that it clearly demonstrates the continued solid operational performance of the business and the continued impost of the high cost of funds at its financing line.

While the business has continued to produce record and strengthening investible cashflows, the demand from vendors to partner with us has outstripped our capacity to absorb the volume of customers' accounts available to acquire in the manner that enables our differentiated offering. This has placed Pioneer in the enviable position of being able to be more selective in choosing where to invest its capital, enabling better returns than we have achieved in past PDP investments. Consequently, we expect this will make a larger contribution to Pioneer's earnings in the years ahead.

In the half year report for last financial year it was noted that the market was normalising from the events of prior years. We said *"That is now occurring, and the macro-economic tailwinds have clearly swung into the favour of Pioneer"*. This has never been more true and has been supported by the withdrawal of other competitors from the markets we operate in, leaving less competition.

Our strong focus on governance, operational risk and compliance is a critical driver of our continued opportunity to grow PDP investment. This focus underpins a servicing strategy that is exceptionally well regarded by leading financial institutions. As the financial services sector continues to increase its focus on positive customer outcomes, Pioneer upgraded its PDP investment during the period from \$60m to \$85m, which is 90% complete. There is a strong opportunity for Pioneer to further increase this investment beyond the guidance provided to date, and the Board continues to assess opportunities so that we can deploy capital in the most productive manner possible.

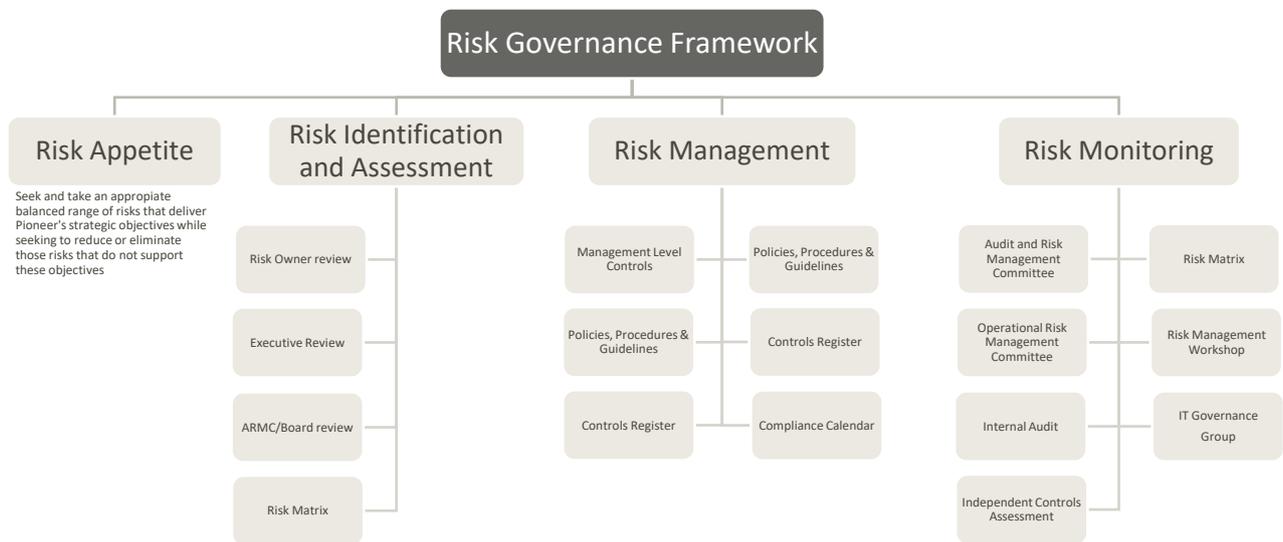
With the appointment of Nomura Australia as exclusive arranger of its proposed replacement senior finance facilities, which are expected to close later this half, we a significant reduction in the cost of funds, which will drop immediately to the bottom line.

Risk

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



Corporate governance

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

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

Regulation and compliance

Pioneer operates in a highly regulated environment.

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

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

Environmental regulation

The Company is not affected by any significant environmental regulations.

Rounding of amounts

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

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 the Directors' Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, consisting of several loops and a trailing flourish.

Keith John
Managing Director

Perth

29 February 2024



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Pioneer Credit Limited and its controlled entities for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

MATTHEW BEEVERS
Partner

RSM AUSTRALIA PARTNERS

Perth
Date: 29 February 2024

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RSM Australia Partners ABN 36 965 185 036

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Pioneer Credit Limited ABN 44 103 003 505

Half-Year Report

For the half-year ended 31 December 2023

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Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Pioneer Credit Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Pioneer Credit Limited is a Company limited by shares, incorporated, and domiciled in Australia. Its registered office is:

Level 6, 108 St Georges Terrace
Perth WA 6000

Pioneer Credit Limited shares are listed on the Australian Securities Exchange (ASX).

Consolidated statement of financial position

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

		31 Dec 2023	30 Jun 2023
	Note	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	9,224	8,410
Trade and other receivables		1,185	1,490
Other current assets		1,049	693
Current tax asset		2	3
Purchased debt portfolio	12	117,980	106,096
Total current assets		129,440	116,692
Non-current assets			
Property, plant, and equipment		599	681
Intangible assets		688	489
Right-of-use assets	13	6,801	7,419
Other non-current assets		5,906	3,286
Purchased debt portfolio	12	222,671	198,187
Total non-current assets		236,665	210,062
Total assets		366,105	326,754
LIABILITIES			
Current liabilities			
Trade and other payables and liabilities	12	24,842	6,145
Borrowings	14	15,333	11,335
Provisions		2,216	2,082
Lease liabilities	13	1,200	1,116
Total current liabilities		43,591	20,678
Non-current liabilities			
Borrowings	14	270,252	255,119
Lease liabilities	13	7,556	8,153
Provisions		805	872
Total non-current liabilities		278,613	264,144
Total liabilities		322,204	284,822
Net assets		43,901	41,932

EQUITY			
Contributed equity	15	107,890	103,755
Reserves		7,867	10,065
Accumulated losses		(71,856)	(71,888)
Capital and reserves attributable to owners of Pioneer Credit Limited		43,901	41,932
Total equity		43,901	41,932

Consolidated statement of profit or loss and other comprehensive income

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

		Half-year 31 Dec 2023	Half-year 31 Dec 2022
	Note	\$'000	\$'000
Continuing operations			
Interest income at amortised cost		41,209	36,328
Net impairment gain on PDPs		242	1,896
Other income	6	5,074	261
		46,525	38,485
Employee expenses	7	(18,227)	(16,706)
Finance expenses	8	(19,657)	(15,795)
Direct expenses		(1,998)	(1,678)
Information technology and communications		(1,964)	(1,681)
Depreciation and amortisation	9	(988)	(1,134)
Consultancy and professional fees		(1,919)	(819)
Other expenses	10	(1,735)	(1,947)
Profit/(Loss) before income tax		37	(1,275)
Income tax expense		(5)	-
Profit/(Loss) after income tax expense for the half-year		32	(1,275)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		12	(17)
Other comprehensive income for the half-year, net of tax		12	(17)
Total comprehensive income for the half-year		44	(1,292)
Profit/(Loss) for the half-year is attributable to:			
Owners of Pioneer Credit Limited		32	(1,275)
Total comprehensive income for the half-year is attributable to:			
Owners of Pioneer Credit Limited		44	(1,292)
Profit/ (Loss) per share for loss attributable to owners of Pioneer Credit Limited			
Basic (cents per share)		0.03	(1.20)
Diluted (cents per share)		0.02	(1.20)

Consolidated statement of changes in equity

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Contributed Equity	Share Based Payment Reserve	Warrant Reserve	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	103,589	7,015	2,689	(159)	(72,054)	41,080
Loss after income tax expense for the half-year	-	-	-	-	(1,275)	(1,275)
Other comprehensive income for the half-year, net of tax	-	-	-	(17)	-	(17)
Total comprehensive loss for the half-year	-	-	-	(17)	(1,275)	(1,292)
Transactions with owners in their capacity as owners:						
Share based payments	-	382	-	-	-	382
Issue of treasury shares to employees	250	(250)	-	-	-	-
	250	132	-	-	-	382
Balance at 31 December 2022	103,839	7,147	2,689	(176)	(73,329)	40,170
Balance at 1 July 2023	103,755	7,494	2,689	(118)	(71,888)	41,932
Profit after income tax expense for the half-year	-	-	-	-	32	32
Other comprehensive income for the half-year, net of tax	-	-	-	12	-	12
Total comprehensive income for the half-year	-	-	-	12	32	44
Transactions with owners in their capacity as owners:						
Exercise of options	1,500	-	-	-	-	1,500
Share based payments	-	425	-	-	-	425
Issue of treasury shares to employees	2,635	(2,635)	-	-	-	-
	4,135	(2,210)	-	-	-	1,924
Balance at 31 December 2023	107,890	5,284	2,689	(106)	(71,856)	43,901

Consolidated statement of cash flows

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

		Half-year 31 Dec 2023	Half-year 31 Dec 2022
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from cash collections of PDPs and services (inclusive of goods and services tax)		71,728	71,872
Payments to suppliers and employees (inclusive of goods and services tax)		(28,701)	(22,231)
		43,027	49,641
Interest received		147	67
Interest paid		(17,560)	(13,846)
Net income taxation paid		(3)	(3)
Cash flows from operating activities before changes in operating assets		25,611	35,859
Acquisition of PDP's		(42,151)	(60,005)
Net cash flow used in operating activities		(16,540)	(24,146)
Cash flows from investing activities			
Payments for property, plant, and equipment		(41)	(141)
Payments for intangible assets		(415)	(222)
Net cash flow used in investing activities		(456)	(363)
Cash flows from financing activities			
Proceeds from borrowings		22,263	17,297
Repayment of borrowings		(3,612)	(8,712)
Lease payments		(841)	(832)
Net cash flow used in financing activities		17,810	7,753
Net increase/(decrease) in cash and cash equivalents		814	(16,756)
Cash and cash equivalents at the beginning of the period		8,410	23,071
Cash and cash equivalents at the end of the period	11	9,224	6,315

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1. Reporting entity

The Consolidated Financial Statements for the half-year ended 31 December 2023 comprise Pioneer Credit Limited (the '**Company**'), which is a 'for-profit entity' and a Company domiciled in Australia and its subsidiaries (collectively, referred to as the '**Group**') and the Group's interest in associates and jointly controlled entities. The Group's principal activities over the financial year were acquiring and servicing Purchased Debt Portfolio's ('**PDPs**'). The Company's principal place of business is Level 6, 108 St Georges Terrace, Perth, Western Australia.

2. Basis of preparation

a) Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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**').

d) New or amended Accounting Standards and Interpretations adopted

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.

3. Going concern

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

At 31 December 2023, the Group incurred a net profit of \$0.03m (31 December 2022: loss \$1.3m) and has net current assets of \$85.8m (30 June 2023: \$96m).

The Directors believe that it is appropriate to continue to adopt the going concern basis of preparation as per the detailed cash flow forecast prepared by Management. The cash flow forecast indicates that the Group expects to have sufficient working capital and other funds available to continue for at least the next twelve-month period ending 28 February 2025, including satisfying financial covenants and other compliance obligations relating to its Senior Debt Facility ('**Facility**') and Medium Term Notes ('**MTNs**').

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

- Ongoing PDP acquisitions funded from free cash;
- Continued PDP cash collections;
- Implementation of the Company's capital management strategy, to recycle capital and meet the Group's covenant obligations; and
- Expense management

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

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

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

4. Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies.

The Group makes estimates and assumptions concerning the future. The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Group also exercises judgement in applying the Group's accounting policies.

Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below.

a) Purchased debt portfolios

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

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

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

If total forecast cash flow projections utilised in determining the value of the portfolio were to change by $\pm 5\%$, the carrying value of PDPs at 31 December 2023 of \$340.6m would change by \$14.436m in a downside scenario and \$14.082m 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.

b) Borrowings

Early repayment options within the Group's borrowings give rise to embedded derivatives under AASB 9. The group assesses any potential embedded derivatives resulting from early repayment options within its borrowing facilities. Any embedded derivatives considered not closely related to their host instrument give rise to a separate derivative carried at fair value through the profit and loss at each reporting date. The Group's likelihood to exercise such options is assessed at each reporting period.

c) Taxation

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

5. Financial risk management

The Group's activities expose it to a variety of risks and 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.

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.

With the completion of the refinance, and the increase in borrowings, the main risks the Group is exposed to through its financial instruments are interest rate risk and liquidity risk.

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 new Senior Finance arrangement contains a variable interest rate comprised of BBSY plus a variable margin set by the Advance Rate on the Facility. The MTNs notes contain a variable interest rate comprised of BBSY plus a fixed margin. Refer to Note 14 for further details in relation to these borrowings.

The Group's fixed rate PDPs 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. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a half yearly basis to verify that the maximum loss potential is within the limit given by Management.

Liquidity risk

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.

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 and compliance with debt covenants based on expected cash flow. Cash flow and covenant compliance is forecast on a day-to-day basis to ensure that sufficient funds are available to meet requirements.

Maturities of financial liabilities

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

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Carrying amount
	\$'000	\$'000	\$'000	\$'000
At 30 June 2023				
Trade and other payables	6,145	-	-	6,145
Borrowings (incl. interest and make-whole)	11,335	9,051	246,068	266,454
	17,480	9,051	246,068	272,599
At 31 December 2023				
Trade and other payables ¹	24,842	-	-	24,842
Borrowings (incl. interest and make-whole)	15,333	20,193	250,059	285,585
	40,175	20,193	250,059	310,427

¹Trade and other payables movement relates to PDP assets cash settled post 31 December 2023

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.

6. Other income

	Half-year 31 Dec 2023	Half-year 31 Dec 2022
	\$'000	\$'000
Fees for services	386	176
Interest income	150	85
Other income ¹	4,538	-
	5,074	261

¹Other income is predominantly once off compensation payments made by Pioneers' vendors

7. Employee expenses

			Half-year 31 Dec 2023	Half-year 31 Dec 2022
			\$'000	\$'000
Salaries and wages			14,473	13,886
Superannuation			1,419	1,248
Share-based payments expense			425	384
Other employee expenses			1,910	1,188
			18,227	16,706

8. Finance expenses

			Half-year 31 Dec 2023	Half-year 31 Dec 2022
			\$'000	\$'000
Bank fees and borrowing expenses			536	294
Interest and finance charges paid / payable for financial liabilities not at fair value			18,804	15,155
Lease liability			317	346
			19,657	15,795

9. Depreciation and amortisation

			Half-year 31 Dec 2023	Half-year 31 Dec 2022
			\$'000	\$'000
Depreciation			155	258
Amortisation			215	273
Right-of-use asset amortisation			618	603
			988	1,134

10. Other expenses

	Half-year 31 Dec 2023 \$'000	Half-year 31 Dec 2022 \$'000
Occupancy costs	467	512
Administration expenses	982	1,097
Travel and entertainment	289	314
Impairment of tangible and intangible assets	(3)	24
	1,735	1,947

11. Cash and cash equivalents

	31 Dec 2023 \$'000	30 June 2023 \$'000
Cash at bank	9,224	8,410
	9,224	8,410

12. Purchased debt portfolios

	31 Dec 2023 \$'000	30 June 2023 \$'000
Current	117,980	106,096
Non-current	222,671	198,187
	340,651	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 PDPs at amortised cost is as follows:

	Half-year 31 Dec 2023	Half-year 31 Dec 2022
	\$'000	\$'000
At beginning of period	304,283	295,516
Debt portfolios acquired ¹	61,296	42,437
Cash collections of PDPs	(66,379)	(68,040)
Interest income accrued	41,209	36,328
Net impairment gain	242	1,896
	340,651	308,137

¹ Included in trade and other payables and liabilities as at 31 December 2023 is an amount of \$21.3m due to the vendors of debt portfolios acquired. A portion of this amount is expected to be settled through the drawdown of borrowing facilities available to Pioneer Credit (Fund 1) Pty Ltd.

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.

13. Right-of-use assets and lease liabilities

a) Right-of-use assets

	\$'000
Balance at 1 July 2023	7,419
Amortisation	(618)
Balance at 31 December 2023	6,801

b) Lease liabilities

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Current lease liability	1,200	1,116
Non-current lease liability	7,556	8,153
Total lease liabilities	8,756	9,269

Maturity analysis - undiscounted

	\$'000
Lease commitments (principal and interest) at 31 Dec 2023	
Within one year	1,200
Later than one year but no later than five years	6,508
More than five years	1,048
	8,756

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. Borrowings

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 MTNs 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 \$330,227,249 as at 31 December 2023 (30 June 2023: \$326,754,000).

Secured liabilities and assets pledged as security- Nomura Security

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 \$35,878,037 as at 31 December 2023.

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

	31 Dec 2023			30 June 2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Secured						
Senior debt facilities-Fortress	7,225	205,521	212,746	9,051	200,950	210,001
Senior debt facilities – Nomura	5,467	10,562	16,029	-	-	-
Medium term notes (MTNs)	-	54,169	54,169	-	54,169	54,169
Interest and make-whole payable	2,505	-	2,505	1,932	-	1,932
Other loans	136	-	136	352	-	352
	15,333	270,252	285,585	11,335	255,119	266,454

Changes in borrowings arising from the financial activities

	Opening Balance 1 July 2023	Cash inflow	Cash outflow	Non-cash flow	Closing Balance 31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Borrowings	266,454	22,263	(3,612)	480	285,585

Financing arrangements

Senior Debt Facilities - Fortress

The Group has access to a Senior Facility of \$216.8m at 31 December 2023 (30 June 2023: \$215.2m) comprised of a \$125.0 term facility, \$75m as a revolving facility and a \$16.8m delayed draw term loan facility. The Senior Facility expires on 8 November 2025.

The Senior Facility contains the following embedded derivatives:

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

Senior Debt Facilities – Nomura

During the period ended 31 December 2023, Pioneer Credit (Fund 1) Pty Ltd, a wholly owned subsidiary of Pioneer Credit Limited was advanced a facility from Nomura totalling \$17m. The purpose of this was to facilitate an acquisition of PDPs in this entity.

Key terms of the loan

- Facility Commitment Amount of A\$24.5m, consisting of:
 - A\$17.0m drawn at inception
 - A\$7.5m undrawn
- 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

Medium Term Notes

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

The MTNs contains the following embedded derivative:

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

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

This call option has been assessed and considered not closely related and it has therefore been separated and measured at fair value through profit and loss. Management has concluded that early redemption on the applicable 80% of the MTNs may occur prior to 1 November 2025 and the separate derivative has been valued at \$270k.

Changes in liabilities arising from the financing activities

	Opening balance at 1 July 2022	Cash flow	Other non-cash flow ¹	Closing Balance at 30 June 2023
	\$'000	\$'000	\$'000	\$'000
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

	Opening balance at 1 July 2023	Cash flow	Other non-cash flow ¹	Closing Balance at 31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Borrowings	266,454	18,651	480	285,585
Lease liabilities	9,269	(841)	328	8,756
	275,723	17,810	808	294,341

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

15. Equity – issued capital

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares – fully paid excluding treasury shares	112,033,206	106,787,206	107,890	103,755

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2023	106,787,206	103,755
Treasury shares issued to employees	3 July 2023	246,000	128
Treasury shares issued to employees	20 November 2023	5,000,000	4.007
Balance	31 December 2023	112,033,206	107,890

16. 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.

	31 Dec 2023	30 June 2023
	\$'000	\$'000
Opening balance	7,494	7,015
Share based payments and executive share plan	425	767
Forfeiture of shares under plan	-	(38)
Performance rights issued	(2,635)	(250)
Closing Balance	5,284	7,494

17. Events occurring after the reporting period

No matter or circumstance has occurred after the period-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the situation of the Group or economic entity in subsequent financial years.

18. Contingent assets

The group had no contingent assets as at 31 December 2023.

19. Contingent liabilities

The group had no contingent liabilities as at 31 December 2023.

20. Related party transactions

On 13 November 2023, Pioneer Credit Limited issued a loan of \$1,500,000 to Keith John. The purpose of this loan was to purchase shares in Pioneer Credit Limited. This loan is treated on an arm's length basis with interest being charged on a monthly basis at a rate of 7.6% p.a. This loan is due to be repaid on 13 November 2025.

This was a non-cash transaction, relating to exercising of options from treasury shares.

21. 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 %	
			31 Dec 23	30 June 23
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	-
Pioneer Credit (SPV) Pty Ltd ⁵	Australia	Ordinary	100	-

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

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

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

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

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'Keith John', with a small dot at the end of the signature.

On behalf of the Directors,
Keith John
Managing Director

Perth
29 February 2024



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PIONEER CREDIT LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pioneer Credit Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pioneer Credit Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual 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 Pioneer Credit Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

MATTHEW BEEVERS
Partner

A handwritten logo in blue ink, consisting of the letters 'RSM' in a stylized, cursive font.

RSM AUSTRALIA PARTNERS

Perth
Date: 29 February 2024

Thank You.

