# Appendix 4D and Half-year Report

For the half-year ended 31 December 2022

pioneer credit

**Pioneer Credit Limited ABN 44 103 003 505**
**Half-year Report - 31 December 2022**

**Lodged with the ASX under Listing Rule 4.2A**

## Contents



## 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 are:

**Registered office**

Level 6
108 St Georges Terrace
Perth WA 6000

**Principal place of business**

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 2022 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).

Pioneer Credit Limited ABN 44 103 003 505

**Appendix 4D – Results for announcement to the market**

**For the half-year ended 31 December 2022**
**(previous corresponding period is the half-year ended 31 December 2021)**

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 | 31 Dec 2022 $'000 | 31 Dec 2021 $'000 | Change $'000 | % |
|---|---|---|---|---|
| Net revenue from ordinary activities | 38,485 | 28,360 | 10,125 | 36% |
| Loss from ordinary activities after tax attributable to the owners of Pioneer Credit Limited | (1,275) | (22,860) | 21,585 | 94% |
| Net loss for the half-year attributable to the owners of Pioneer Credit Limited | (1,275) | (22,860) | 21,585 | 94% |

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 2022.

**Key ratios**

| | 31 Dec 2022 (cents) | 31 Dec 2021 (cents) |
|---|---|---|
| Net tangible assets per fully paid ordinary share* | 36.76 | 39.34 |

**Audit qualification or review**

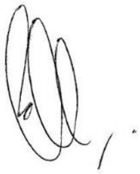
The financial statements were subject to a review by the auditors and the review report is attached as part of the interim report.

**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**



Signed ______________________________ Date: 16 February 2023

Keith John
Managing Director
Perth

## Corporate Directory

| | |
|---|---|
| Directors | Mr Stephen Targett (Chairman effective 1 January 2023)<br>Mr Michael Smith (resigned as at 31 December 2022)<br>Mr Keith John (Managing Director)<br>Ms Andrea Hall (resigned as at 16 February 2023)<br>Mr Peter Hall<br>Ms Michelle d'Almeida |
| Company Secretary | Ms Susan Symmons |
| Principal Registered Office | Level 6<br>108 St Georges Terrace<br>Perth WA 6000<br>+61 1300 720 823 |
| Share Registrar | Link Market Services Limited<br>Level 12<br>250 St Georges Terrace<br>Perth WA 6000<br>+61 1300 554 474 |
| Auditor | RSM Australia Partners<br>Exchange Tower<br>Level 32/2 The Esplanade<br>Perth WA 6000<br>+61 8 9261 9100 |
| Solicitors | K&L Gates<br>Level 32<br>44 St Georges Terrace<br>Perth WA 6000<br>+61 8 9216 0900 |
| Bankers | FCCD (Australia) Pty Ltd (Fortress Investment Group)<br>Suite 19.02, Level 19, Gateway<br>1 Macquarie Place<br>Sydney NSW 2000<br>+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 250,000 customers throughout Australia and New Zealand, our focus is on providing them with exceptional levels of service, and a broad range of solutions, to help them achieve their financial goals.

We 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 2022.

### Directors

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

Mr Stephen Targett (Chairperson effective 1 January 2023)
Mr Michael Smith (Chairperson resigned on 31 December 2023)
Mr Keith John (Managing Director)
Ms Andrea Hall (resigned as at 16 February 2023)
Mr Peter Hall
Ms Michelle d'Almeida

### 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:

- Customer experience is measured through Net Promoter Score ('**NPS**');
- Our ability to generate positive and sustainable customer outcomes is measured through cash collections (previously referred to as liquidations), 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 engagement and 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.

### 1H23 Performance review

Pioneer produced a record half with cash collections of $68.0m, up 40% on the prior corresponding period (‘**pcp**’) (1H22: $48.6m), and up 17% on 2H22 ($58.1m).

The cash collections performance is an excellent result and reflects continued and increasing operational performance along with the significant investment in performing portfolios the Company made in the later part of last financial year.

Until early December 2022, PDP investment was behind our expectations as we waited for the market to normalise from the events of the past three years. That is now occurring, and the macro-economic tailwinds have clearly swung into the favour of Pioneer, with quality PDP investment occurring to close out the half. Ultimately $42.4m was invested during the period, and comfortably ahead of our initial expectations. This investment will support cash collections growth in the current period, and beyond, and we are becoming increasingly confident of the ability to invest in portfolios at greater levels, compared to our historical investment, in the periods ahead.

The PA portfolio fell by 2% across the half, to finish at $460m. The small decrease, the first in some time for the business, reflected the timing of PDP investment (heavily skewed to December 2022). The PA portfolio is the most sustainable and reliable form of cash collections Pioneer have and in 1H23 contributed 50% of total cash collections. We expect the size of the PA book to grow again during the second half of 2023.

Total operating expenses for the period were $23.1m (1H22: $23.8m) and reflect the continued efficient operation of the business. This efficiency, which has been a focus of the Company, have driven a very strong EBITDA performance for the period of $45.2m (1H22: $25.1m). The net loss for the period is $1.3m, a significant improvement on the 1H22 loss of $22.8m as the Company continues its focus to profitability in FY23.

### Market

The volume of portfolios in the Australian debt sale market has been slow to recover from the pandemic, with many financial institutions continuing with significantly adjusting debt sale programmes where they have sold less than they would have traditionally. This has been exacerbated by the strong employment, and subsequently low default rates across the prime banking and finance sector in Australia. We expect this situation to change. While this has resulted in lower volumes of portfolios being available, pricing has remained relatively stable among Pioneer’s quality vendors, who are generally more focused on compliance and customer outcomes.

For Pioneer, the low level of PDP investment was also driven by a combination of:

- Caution on our part, choosing not to participate where portfolio characteristics did not align to our business model, and
- Some portfolios which we were attracted to, where pricing was a key factor for the vendor, and the price sought was beyond Pioneer's tolerance

Pleasingly, the number of vendors returning to market, and the size of their portfolios available for sale, increased measurably very late in the half. We expect this trend to continue through calendar year 2023 with the opportunity for Pioneer to grow its PDP investment materially from now. For FY23, $42.4m investment has been completed. Our PDP investment guidance of >$61m for the FY has not changed at this stage though there may be opportunity to increase this investment guidance, for the benefit of returns contributing to future financial years.

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, we expect more opportunities, at fair price points, will be offered to Pioneer, leading to a return to historical PDP investment levels, and more, in outer years. This will drive increased cash collections and profitability.

## Customer difference

During the half, Pioneer invested significantly across a range of initiatives to support a greater understanding of customers and to delivering services and solutions in a way that has continued to prioritise their best interests.

Improved customer data, as well as investment in customer segmentation and customer journeys are enabling more personalised and tailored experiences.

Supporting these experiences is the continued development of our self-service customer portal and digital channels, providing customers a greater choice in the way they engage with Pioneer. In addition to improving customer experience, our investment in digital is reducing our CTS, contributing to margin improvement. Much of this improvement has been reinvested into programmes supporting our customers, and those that continue to differentiate Pioneer from others around compliance, governance, and operational risk.

Our customer service ethos is encouraged through improved employee onboarding and training programs as well as a revised employee incentive program, aligning employee success with achieving customer outcomes.

These initiatives provide the structural and systemic foundations of Pioneer's business model, to underpin our customer experience advantage in the market.

Pioneer continues to measure NPS across its entire customer base, which remains in a market-leading position of +24 for the half (1H21: +14).

### Risk

Pioneer seeks to 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.

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

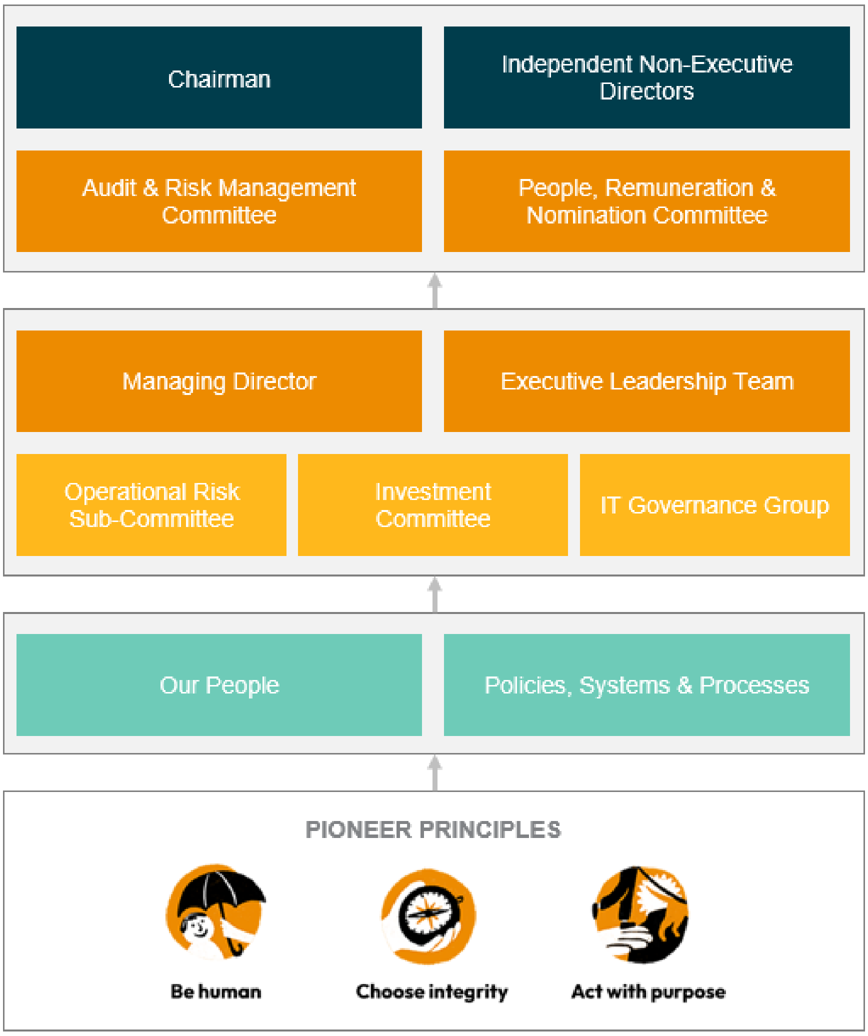
Pioneer's risk processes are reviewed bi-annually by its Board with the goal of aligning risk taking with its statutory requirements, strategic objectives, and capital planning.

## Corporate governance

Pioneer is committed to sound corporate governance practices that see each of its 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 to produce 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 **('ACCC')** and Australian Financial Complaints Authority **('AFCA')**, among a broad range of other regulators.

Pioneer welcomed the recommendations made by the Financial Services Royal Commission of 2017-2019, which has resulted in stronger laws and a focus on culture and putting customers first.

We believe the substance of the recommendations has been hallmarks of the Pioneer business since commencement and has highlighted our differentiation to our vendor partners and stakeholders. This is serving us well.

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.

**Sustainability and corporate responsibility**

At Pioneer's November 2021 AGM, shareholders approved an amendment to the Company's Constitution by adopting Purpose and Stakeholder Statements **('Statements')** that specifically require its Directors to achieve the delivering of returns to shareholders, whilst having an overall positive impact on society and the environment. These are important statements and are commitments to all stakeholders in Pioneer. The full Statements are:

> *Purpose*
>
> *The purpose of the Company is to deliver returns to shareholders whilst having an overall positive impact on society and the environment.*

*Stakeholders*

*In discharging their duties under this Constitution, the Corporations Act 2001 (Cth) and the general law, the Directors and Officers of the Company:*

a) *will include in their consideration the following factors:*
   i. *the likely consequences of any decision or act of the Company in the long term;*
   ii. *the impact of the Company's operations on the community and the environment;*
   iii. *the interests of the Company's employees;*
   iv. *the need to foster the Company's business relationships with suppliers, customers and others;*
   v. *the desirability of the Company maintaining a reputation for high standards of business conduct;*
   vi. *the interests of the shareholders of the Company;*
   vii. *the ability of the Company to create an overall positive impact on society and the environment; and*

b) *need not give priority to a particular factor referred to in paragraph (a) over any other factor (included in paragraph (a) or otherwise).*

These Statements are a strong acknowledgment that our practices will likely have an impact on those we come in touch with, especially our customers. Keeping our commitment to our customers front of mind at every level within the organisation, ensures that we will always commit to make that impact positive.

With a customer base that is truly representative of Australia's population, having a diverse and engaged workforce naturally enhances the way we interact with those customers.

Pioneer welcomes team members from all walks of life and promotes inclusion and belonging. The Pioneer Principles underpin each interaction our team has with our stakeholders and Pioneer commits to:

- Treating every person with empathy and respect;
- Non-discriminatory, non-exploitable and safety conscious employment practices;
- The highest ethical and professional standards from its team and any parties we engage; and
- Always trying to make a positive contribution to the community.

While Pioneer operates in a non-carbon intensive environment, we adopt sustainable options as part of our day-to-day business. These include efficient energy consumption at our premises, responsible waste recycling and disposal, increased use of electronic communication to reduce our carbon and gas emissions and operating to an environmentally preferable purchasing policy.

Pioneer has continued to progress B Corp certification, which is available to for-profit companies to recognise their commitment to a high level of environmental and social performance.

On the basis Pioneer is accepted as a B Corp organisation, we will be required to self-audit every twelve months and formally recertify every three years. We expect B Corp certification will ensure our employees remain focused on our footprint, and to continuing to improve that wherever possible.

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.

**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

Keith John
Managing Director

Perth
16 February 2023

**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
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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 2022, 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

RSM AUSTRALIA PARTNERS

Perth
Date: 16 February 2023

## Financial Statements

### Contents



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 2022 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

| | Note | 31 Dec 2022 $'000 | 30 Jun 2022 $'000 |
|---|---|---|---|
| ASSETS | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 6,315 | 23,071 |
| Trade and other receivables | | 2,597 | 6,174 |
| Other current assets | | 804 | 979 |
| Current tax asset | | 6 | 3 |
| Purchased debt portfolio | 11 | 101,775 | 96,298 |
| **Total current assets** | | 111,497 | 126,525 |
| | | | |
| **Non-current assets** | | | |
| Property, plant, and equipment | | 848 | 804 |
| Intangible assets | | 812 | 958 |
| Right-of-use assets | 12 | 7,843 | 8,446 |
| Other non-current assets | | 3,513 | 3,504 |
| Purchased debt portfolio | 11 | 206,362 | 199,218 |
| **Total non-current assets** | | 219,378 | 212,930 |
| | | | |
| **Total assets** | | 330,875 | 339,455 |
| | | | |
| LIABILITIES | | | |
| **Current liabilities** | | | |
| Trade and other payables and liabilities | | 12,248 | 28,721 |
| Borrowings | 13 | 15,051 | 20,378 |
| Provisions | | 1,864 | 1,971 |
| Lease liabilities | 12 | 1,026 | 961 |
| **Total current liabilities** | | 30,189 | 52,031 |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 13 | 251,081 | 236,283 |
| Lease liabilities | 12 | 8,570 | 9,090 |
| Provisions | | 865 | 971 |
| Total non-current liabilities | | 260,516 | 246,344 |
| | | | |
| **Total liabilities** | | 290,705 | 298,375 |
| | | | |
| **Net assets** | | 40,170 | 41,080 |
| | | | |
| EQUITY | | | |
| Contributed equity | | 103,839 | 103,589 |
| Reserves | | 9,660 | 9,545 |
| Accumulated losses | | (73,329) | (72,054) |
| **Capital and reserves attributable to owners of Pioneer Credit Limited** | | 40,170 | 41,080 |
| **Total equity** | | 40,170 | 41,080 |

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

## Consolidated statement of profit or loss and other comprehensive income

| | Note | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Interest income at amortised cost | | 36,328 | 30,743 |
| Net impairment gain/(loss) on PDPs | | 1,896 | (2,670) |
| Other income | | 261 | 287 |
| | | 38,485 | 28,360 |
| Employee expenses | 6 | (16,706) | (16,854) |
| Finance expenses | 7 | (15,795) | (26,488) |
| Direct liquidation expenses | | (1,678) | (1,150) |
| Information technology and communications | | (1,681) | (1,934) |
| Depreciation and amortisation | 8 | (1,134) | (1,826) |
| Consultancy and professional fees | | (819) | (1,340) |
| Other expenses | 9 | (1,947) | (1,582) |
| Gain on lease modification | | - | 7 |
| Loss before income tax | | (1,275) | (22,807) |
| Income tax expense | | - | (53) |
| **Loss after income tax expense for the half-year** | | (1,275) | (22,860) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (17) | - |
| Other comprehensive income for the half-year, net of tax | | (17) | - |
| **Total comprehensive loss for the half-year** | | (1,292) | (22,860) |
| Loss for the half-year is attributable to: | | | |
| Owners of Pioneer Credit Limited | | (1,275) | (22,860) |
| Total comprehensive loss for the half-year is attributable to: | | | |
| Owners of Pioneer Credit Limited | | (1,292) | (22,860) |
| Loss per share for loss attributable to owners of Pioneer Credit Limited | | | |
| Basic (cents per share) | | (1.20) | (29.07) |
| Diluted (cents per share) | | (1.20) | (29.07) |

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

## Consolidated statement of changes in equity

| | Contributed Equity | Share Based Payment Reserve | Warrant Reserve | Other Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2021** | 81,755 | 6,414 | 5,460 | - | (38,960) | 54,669 |
| Total comprehensive loss for the half-year | - | - | - | - | (22,860) | (22,860) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of shares | 4,740 | - | - | - | - | 4,740 |
| Treasury shares acquired | (1,270) | - | - | - | - | (1,270) |
| Share based payments | - | 607 | - | - | - | 607 |
| Issue of treasury shares to employees | 524 | (524) | - | - | - | - |
| Warrants converted | 2,765 | - | (2,765) | - | - | - |
| Deferred tax in equity | - | - | - | - | (27) | (27) |
| | 6,759 | 83 | (2,765) | - | (27) | 4,050 |
| **Balance at 31 December 2021** | 88,514 | 6,497 | 2,695 | - | (61,847) | 35,859 |
| | | | | | | |
| **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 | - | - | - | 383 |
| **Balance at 31 December 2022** | 103,839 | 7,147 | 2,689 | (176) | (73,329) | 40,170 |

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

## Consolidated statement of cash flows

| | Note | Half-year 31 Dec 2022 $'000 | Restated Half-year 31 Dec 2021 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from cash collections of PDPs and services (inclusive of goods and services tax) | | 71,872 | 48,841 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (22,231) | (23,813) |
| | | 49,641 | 25,028 |
| Interest received | | 67 | 5 |
| Interest paid | | (13,846) | (15,872) |
| Net income taxation paid | | (3) | (2) |
| **Cash flows from operating activities before changes in operating assets** | | 35,859 | 9,159 |
| Acquisition of PDP's | | (60,005) | (22,111) |
| **Net cash flow from operating activities** | | (24,146) | (12,952) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant, and equipment | | (141) | (23) |
| Payments for intangible assets | | (222) | (74) |
| Proceeds on sale of other assets | | - | 1 |
| **Net cash flow from investing activities** | | (363) | (96) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 13 | 17,297 | 186,413 |
| Repayment of borrowings | 13 | (8,712) | (172,600) |
| Payments for third party financing transaction costs | | - | (3,140) |
| Proceeds from equity raise | | - | 2,300 |
| Lease payments | | (832) | (1,428) |
| Payments for Treasury shares and KMP loan | | - | (1,270) |
| **Net cash flow from financing activities** | | 7,753 | 10,275 |
| Net decrease in cash and cash equivalents | | (16,756) | (2,773) |
| Cash and cash equivalents at the beginning of the period | | 23,071 | 10,373 |
| Cash and cash equivalents at the end of the period | 10 | 6,315 | 7,600 |

*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 half-year ended 31 December 2022 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) Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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'.

This 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 2022 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 standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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.

### e) Restatement of comparative information

The Group has reviewed its presentation in the Statement of cash flows in line with the requirements of AASB 107 Statement of Cashflows. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the Group has corrected the classification of Acquisitions of PDPs– financial assets from investing activities to operating activities to better align to the revenue generating activities of the group as required by AASB 107. There is no impact of the reclassification on either Earnings per share ('**EPS**'), Statement of Financial Position, or the Statement of Financial Performance.

| | 31 December 2021 | | |
|---|---|---|---|
| | As reported | Adjustment | Restated |
| | $'000 | $'000 | $'000 |
| **Consolidated statement of cash flows** | | | |
| Cash flows from/ (used in) operating activities | 9,159 | (22,111) | (12,952) |
| Cash flows from/ (used in) investing activities | (22,207) | 22,111 | 96 |
| Net increase/(decrease) in cash and cash equivalents | (2,773) | - | (2,773) |

## 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 2022, the Group incurred a net loss of $1.3m (31 December 2021: loss $22.9m) and has net current assets of $81.3m (30 June 2022: $74.5m).

The Directors believe that it is appropriate to continue to adopt the going concern basis of preparation as per the detailed cash flow forecast prepared by Management. The cash flow forecast indicates that the Group expects to have sufficient working capital and other funds available to continue for at least the next twelve-month period ending 29 February 2024, including satisfying financial covenants and other compliance obligations relating to its Senior Debt Facility ('**Facility**') and Medium Term Notes ('**MTNs**').

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

- Ongoing PDP acquisitions funded from a combination of the senior debt facility and free cash;
- Continued PDP cash collections;
- Portfolio sales, in line with the Company's capital management strategy, to recycle capital and meet the Group's covenant obligations;
- Operational FTE recruitment; and,
- Expense management

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

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 ±5%, the carrying value of PDPs at 31 December 2022 of $308.1m would change by $14.1m in a downside scenario and $14.2m 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 variable interest rate comprised of BBSY plus a variable margin set by the Advance Rate on the facility. The Medium term notes contain a variable interest rate comprised of BBSY plus a fixed margin. Refer to Note 4 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 $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Carrying amount $'000 |
|---|---|---|---|---|
| At 30 June 2022 | | | | |
| Trade and other payables | 28,721 | - | - | 28,721 |
| Borrowings (incl. interest and make-whole) | 20,378 | 11,821 | 224,462 | 256,661 |
| | 49,099 | 11,821 | 224,462 | 285,382 |
| At 31 December 2022 | | | | |
| Trade and other payables | 12,248 | - | - | 12,248 |
| Borrowings (incl. interest and make-whole) | 15,051 | 13,134 | 237,947 | 266,132 |
| | 27,299 | 13,134 | 237,947 | 278,380 |

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. Employee expenses

| | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|
| Salaries and wages | 13,886 | 13,634 |
| Superannuation | 1,248 | 1,195 |
| Share-based payments expense | 384 | 607 |
| Other employee expenses | 1,188 | 1,418 |
| | 16,706 | 16,854 |

## 7. Finance expenses

| | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|
| Bank fees and borrowing expenses | 294 | 1,366 |
| Gain on modification of MTNs | - | (122) |
| Loss on derecognition of SFA | - | 1,332 |
| Break fees | - | 6,300 |
| Commitment fees | - | 166 |
| Interest and finance charges paid / payable for financial liabilities not at fair value | 15,155 | 17,256 |
| Lease liability | 346 | 190 |
| | 15,795 | 26,488 |

## 8. Depreciation and amortisation

| | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|
| Depreciation | 258 | 222 |
| Amortisation | 273 | 340 |
| Right-of-use asset amortisation | 603 | 1,264 |
| | 1,134 | 1,826 |

## 9. Other expenses

| | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|
| Occupancy costs | 512 | 463 |
| Administration expenses | 1,097 | 932 |
| Travel and entertainment | 314 | 182 |
| Impairment of tangible and intangible assets | 24 | 5 |
| | 1,947 | 1,582 |

## 10. Cash and cash equivalents

| | 31 Dec 2022 $'000 | 30 June 2022 $'000 |
|---|---|---|
| Cash at bank | 6,315 | 23,071 |

## 11. Purchased debt portfolios

| | 31 Dec 2022 $'000 | 30 June 2022 $'000 |
|---|---|---|
| Current | 101,775 | 96,298 |
| Non-current | 206,362 | 199,218 |
| | 308,137 | 295,516 |

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

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

**Movement on PDPs at amortised cost is as follows:**

| | Half-year 31 Dec 2022 $'000 | Half-year 31 Dec 2021 $'000 |
|---|---|---|
| At beginning of period | 295,516 | 249,094 |
| Debt portfolios acquired | 42,437 | 23,650 |
| Cash collections of PDPs | (68,040) | (48,551) |
| Interest income accrued | 36,328 | 30,743 |
| Net impairment (loss)/gain | 1,896 | (2,670) |
| | 308,137 | 252,266 |

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.

## 12. Right-of-use assets and lease liabilities

### a) Right-of-use assets

| | $'000 |
|---|---|
| Balance at 1 July 2022 | 8,446 |
| Leasehold improvements and lease incentive | - |
| Amortisation | (603) |
| Balance at 31 December 2022 | 7,843 |

### b) Lease liabilities

| | 31 Dec 2022 | 30 Jun 2022 |
|---|---|---|
| | $'000 | $'000 |
| Current lease liability | 1,026 | 961 |
| Non-current lease liability | 8,570 | 9,090 |
| Total lease liabilities | 9,596 | 10,051 |

### Maturity analysis - undiscounted

| | $'000 |
|---|---|
| Lease commitments (principal and interest) at 31 Dec 2022 | |
| Within one year | 1,026 |
| Later than one year but no later than five years | 5,665 |
| More than five years | 2,905 |
| | 9,596 |

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.

## 13. 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*

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

All property of the Group comprises the Groups total assets of $330,875,000 as at 31 December 2022 (30 June 2022: $339,445,000).

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

| | 31 Dec 2022 | | | 30 June 2022 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Secured** | | | | | | |
| Senior debt facilities | 13,134 | 196,912 | 210,046 | 18,280 | 182,114 | 200,394 |
| Medium term notes | - | 54,169 | 54,169 | - | 54,169 | 54,169 |
| Interest and make-whole payable | 1,791 | - | 1,791 | 1,596 | - | 1,596 |
| Other loans | 126 | - | 126 | 502 | - | 502 |
| | 15,051 | 251,081 | 266,132 | 20,378 | 236,283 | 256,661 |

Changes in borrowings arising from the financial activities

| | Opening Balance 1 July 2022 $'000 | Cash inflow $'000 | Cash outflow $'000 | Non-cash flow $'000 | Closing Balance 31 Dec 2022 $'000 |
|---|---|---|---|---|---|
| Borrowings | 256,661 | 17,297 | (8,712) | 886 | 266,132 |

**Financing arrangements**

**Senior Facility**

The Group has access to a Senior Facility of $216.4m at 31 December 2022 (30 June 2022: $234.1m) comprised of a $125.0 term facility, $66.0m as a revolving facility and a $25.35m delayed draw term loan facility.

The undrawn limit of the Senior Facility is $9.0m at 31 December 2022 (30 June 2022: $26.3m). The Senior Facility maturity date is 5 November 2025.

The Senior Facility contains the following embedded derivatives:

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

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

**Medium Term Notes**

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

The MTNs contains the following embedded derivative:

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

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

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

**Changes in liabilities arising from the financing activities**

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

| | Opening balance at 1 July 2022 | Cash flow | Other non-cash flow | Closing Balance at 31 Dec 2022 |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Borrowings | 256,661 | 8,584 | 887 | 266,132 |
| Lease liabilities | 10,051 | (832) | 377 | 9,596 |
| | 266,712 | 7,752 | 1,264 | 275,728 |

## 14. 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.

## 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 true and fair view of the consolidated entity's financial position as at 31 December 2022 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.

On behalf of the Directors,
Keith John
Managing Director

Perth
16 February 2023

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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 2022, 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 2022 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.

RSM

*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 2022 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.

MATTHEW BEEVERS
Partner

RSM

RSM AUSTRALIA PARTNERS

Perth
Date: 16 February 2023