Appendix 4E and Annual Report

For the year ended 30 June 2022

Contents

Pioneer Credit Limited ABN 44 103 003 505
Appendix 4E
Preliminary Final Report
for the year ended 30 June 2022
(previous corresponding period 30 June 2021)

Appendix 4E - Results for announcement to the market

Key information	30 June 2022 $'000	30 June 2021 $'000	Change $'000	%
Revenue from ordinary activities*	54,312	53,366	10,436	1.77
(Loss) / Profit from ordinary activities after tax attributable to members	(33,094)	(19,655)	(3,907)	(68.38)
Net (loss) / profit for the period attributable to members	(33,094)	(19,655)	(3,907)	(68.38)

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

Dividends per ordinary share / distributions

There is no provision for a final dividend in respect of the year ended 30 June 2022.

Financial Statements

Released with this Appendix 4E report are the following:

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

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

Key ratios

	30 June 2022 (cents)	**30 June 2021** (cents)
Net tangible assets per fully paid ordinary share	29.72	72.70
Basic (loss) earnings per fully paid ordinary share	(40.48)	(30.43)

The Right of Use Asset under AASB 16 *Leases* ($8.5m) has been excluded from tangible assets, while the lease liability has been included in liabilities.

Corporate Directory

Directors	Mr Michael Smith (Chairperson) Mr Keith John (Managing Director) Ms Andrea Hall Mr Peter Hall Mr Stephen Targett Ms Michelle d'Almeida
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	Deloitte Touche Tohmatsu Brookfield Place Tower 2 123 St Georges Terrace Perth WA 6000 +61 8 9365 7000
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 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 six 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 and the entities it controlled at or during the year ended 30 June 2022.

Directors

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

Mr Michael Smith (Chairperson)
Mr Keith John (Managing Director)
Ms Andrea Hall
Mr Peter Hall
Mr Stephen Targett
Ms Michelle d'Almeida

Principal activities

Pioneer acquires portfolios of customers experiencing financial difficulty, from vendors such as the big 4 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, 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 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 through employee engagement and employee Net Promoter Score ('**eNPS**').

Dividends

Since the end of the financial year the Directors have not declared a final dividend.

Review of operations

Financial Performance

Financial Year ’22 will become known in the history of Pioneer as the period during which management and the Board positioned the Group for sustained profitability and success, following the trying conditions of the previous two periods.

Heading into the year, and coming out of the Management and Board Strategy sessions, the group had five key deliverables for the period;

1. Refinance the senior facilities to reduce the funding costs of the business,
2. Capitalise on opportunities to grow PDPs,
3. Grow the PA portfolio,
4. Realise our operational leverage and to thrive under increased regulation, and
5. Improve across key financial metrics.

1. Refinance senior debt facilities – (Capital Management)

One of the key deliverables for the Group was completed in November 2021, with the Company entering into an agreement with Fortress Investment Group for a $200m, four-year senior debt facility (‘Facility’), at approximately half the cost of the previous facility. The Facility was drawn to $168m on commencement, with $32m of headroom available for growth.

In addition to the new Facility, the Company’s increased its subordinated Medium-Term Notes (‘MTNs’) by $20m to $60m and amended the terms so they would expire in 2026.

To support the refinance, and increase in the MTN’s, the Group completed the first of two equity raises for the financial year, both of which were completed at a premium to the last closing price of the shares. The first equity raise, was for $5.4m (before transaction costs) and included participation by the former senior financier ($1.1m), Mr James Simpson ($2.0m) and the Company’s Managing Director Keith John ($1.16m), who contributed $0.66m in cash, and converted $0.5m of MTN’s held by his interests, to equity.

On completion of this refinance, the Group had materially reduced its funding costs, and had increased in size of its facilities to fund that growth which is beyond its operating cash generation in the current year.

In March 2022, Pioneer agreed to an investment in performing assets from a group with which the Company had a long-term relationship. Our financiers provided an additional $40m of funding for the acquisition, which was supported by the second equity raise during the period in the sum of ~$16.1m.

Again, the equity raise was supported by the Managing Director Keith John ($1.5m), our former financers ($2.0m) and Mr James Simpson who contributed $5.0m, $1.0m in cash and $4.0m through the conversion of MTN’s to equity.

At the close of the financial year, the Company had drawn $173.8m of the $200m facility, had repaid $5.9m of the additional $40m fully drawn facility and had reduced the outstanding balance of its MTNs to $55.5m.

2. Capitalise on PDP opportunities

Investment opportunities over the past two financial years have been heavily impacted by the pandemic, and particularly across high quality financial services firms, due to their suspension of sales for sustained periods, and then the low level of defaults in loan books due to unprecedented government stimulus.

At the commencement of the year Pioneer forecast PDP investment of ~$41m, less than the estimated $60m annual investment needed to sustain the operational headcount, infrastructure, and cost base of the business. We were confident that very good opportunities would emerge during the period, and they did.

During the financial year the Company acquired $99.5m of PDPs, the first time we had invested at this level, and more than the prior two years combined. These investments were made at attractive price points, as vendors chose to partner with Pioneer because of its strong relationships and focus on customer outcomes.

Underpinning the future growth of the Company, Pioneer announced in June 2022 that it had entered a five year forward flow agreement with the Commonwealth Bank of Australia. This is the first long term banking agreement in Australia and recognises the unquestionable value Pioneer brings to the debt sale partnership. In addition, during the period the Company invested in Performing Arrangements ('PAs'), including insolvency arrangements, which will contribute strongly to cash flows in the coming years.

With a contraction in the number of buyers in the market, and a continually growing preference for quality relationships and service providers like Pioneer, the outlook for future years is in our favour, and supportive of meaningful growth.

3. Grow the PA portfolio

There are generally two ways to grow PAs, organically through working better with customers, and through investment in performing portfolios.

Pioneer has always been a strong generator of PAs and over the preceding 6 years to the start of FY22 had grown this portfolio at a cumulative annual growth rate of 20% to $377m.

The focus of our operational teams has always been on presenting customers with options that meet both their requirement to move to financial freedom, and ours for a fair commercial return.

During the period our operational focus on creating sustainable PAs increased, particularly as we continued supporting customers initially through the impacts of the pandemic, and later in the financial year with the increasing cost of living pressures. The focus on sustainability means that to the end of June there had been no measurable impact on PA payment adherence.

In total we had 6% net organic growth through the period from $377m to $400m, which was then supplemented by the acquisition of performing arrangements of ~$64m, bringing the total PA balance to $464m. The Company has also acquired insolvency arrangements of $50.5m during the period.

The growth of the PAs provides several significant benefits to the Company;

- PAs continue to underpin the substantive part of the PDP valuation in the balance sheet, as the most demonstrable, predictable, and certain expected liquidations,
- An increase in contributions to liquidations in future periods, which underpin the cashflow and top line performance of the business,
- The opportunity to introduce new lower cost funding into the business given the scale of repeatable cashflows which international financiers are both familiar with and favourable to.

FY22 has been the strongest year yet for the Company in the growth of its PAs, and this segment of our performance will remain a focus in the coming periods.

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

As with most businesses, reaching scale is a time consuming and expensive exercise. It generally involves periods of inefficiency, exacerbated by the inability to invest heavily in productivity measures such as next level technology. These are objectives that have been evident in the Pioneer business in recent years.

Immediately prior to scale, which is the case of the Pioneer business, is the point at which the cost to service is highest. In many respects this has been deliberate in that our strategy has always been on providing a differentiated customer experience and outstanding compliance and governance outcomes. These have been and continue to be achieved, though we have used more people than you would if these considerations were not core to strategy. To that point, in FY21 our CTS was 47%, and we have reduced to 44% for the full year.

The reduction in costs has been achieved through a range of business initiatives. These include the continued improvements across the analytics and data function through both an increase in capable headcount, and the continued capture and growth in data point through which to operationalise our portfolio. We are also now availing ourselves of better purchasing power, and are buying some services more cost effectively, with significant opportunity to continue to extract savings in the coming periods. We have continued to develop the way we deal with the small number of customer complaints we receive, respecting the changing regulatory environment, staying at the forefront of best practice, and becoming more efficient in handling these matters.

The operational improvements mentioned above, which we have an opportunity to continue to improve in future periods, along with an increase in liquidations through the financial year (which we also expect to continue to increase) will also be supported in future periods by the transition to, and implementation of, an enterprise grade core system on which we will host, and from which we will service our customer base.

The Company is in the process of replacing its core recoveries system. By selecting, which we have now done, and implementing a new core system, which is expected to occur by the end of FY23, we will continue to improve our liquidations through more efficient and better data practices and reduce costs through the removal of manual processes consistent with legacy systems.

While improvements have been made in reducing CTS, there remains work to be done, and this aspect of our business will continue to be a strategic priority.

5. Improve across key financial metrics.

Like all businesses there is a broad range of key financial metrics against which performance is measured. Some of these are published, others are measures against which management is held to account by the Board. In all cases improvements have been made. In all cases further improvements must also be made, and the Board and management are both cognisant, and committed to doing that.

At the most visible level, improvements on the prior year have been made as follows;

a. Liquidations are up 13% to $106.7m
b. Net revenue is up 2% to $54.3m
c. Cost to Service is down to 44%, from 47%
d. PDP investment up 220% to $99.5m

The discipline that sits within the Pioneer business continues and will continue to realise benefits over the coming periods, with a strong focus on both liquidations and realisation of value, on focussed cost management, and a steadfast commitment to delivering sustainable profitability.

People

Like most Australian businesses, staff retention has been more critical than ever before, and in the case of Pioneer it needs to grow its workforce to meet the requirements of the growth in its PDP investment, along with supporting a range of operational initiatives it is progressing to improve both the total liquidations extracted from portfolios each year, and to continue to reduce the cost to service those portfolios.

With a workplace environment that is aesthetically pleasing, spacious and a culture that is supportive of a friendly and enjoyable workplace, focussed on achievement, and where personal growth can occur and is encouraged, despite a tight resources market, Pioneer has been able to recruit sufficient people to ensure it can advance its improvement programmes.

Across our customer service centres we have maintained sufficient headcount, under significant pressure from other institutions to attract our exceptionally talented and loyal people. Supporting our employee offering, Pioneer has flexible working arrangements for all qualifying employees and during the period we upgraded our employee on-line training and self-service learning capabilities through a properly distributed Learning Management System, which provides online delivery of programs to our teams, focussing on improving the employee experience and gaining operating efficiencies. This development has been critical in recruiting and making successful our remote employees who now cover five states of Australia.

Our employee offering is a complete offering. Our remuneration is highly competitive. We expect to grow our headcount into the new financial year as people continue to look for employers that respect and reward them well. Pioneer does both.

Diversity and Inclusion

Pioneer has always been committed to providing an environment that recognises, respects and values differences, ensures security, supports true acceptance and genuine consideration of an individual. This is a large part of why our Employee Net Promotor Score (‘**eNPS’**) has response rate of 73% and an engagement index of 81% (all Australian average 73%) and an eNPS of +18 (all Australian average -1%)

Our employee engagement is supported by many aspects of our business and its leadership, and in particular the Pioneer Principles. We have also late this year finalised our Diversity and Inclusion Policy titled *Belonging*.

Belonging has been a significant piece of work for our business. It has involved countless stakeholder meetings, focus groups, and debate. The development of *Belonging* has tested our boundaries and challenged us. It has caused time for self-reflection. It is a 268-word statement that encapsulates everything we believe we are, and everything we hope to be. It is fierce commitment to be better, and to inspire. A key take out, which sets the scene for shareholders to understand us from *Belonging* is …. *At Pioneer, we celebrate our broad community, which is founded in good.*

We believe that our living out *Belonging* will make us an even better workplace for all.

Digital and technology transformation

Like most of the debt purchase and collections industry in Australia, Pioneer has used legacy technology to underpin its business. Much has been made of new digital only collection platforms in recent years, and while they provide some limited capability, our customers want a true omni-channel service experience.

Thinking for a moment about our financial education, and the repeated warnings of institutions and governments not to share your details with unknown parties, and those that just use email or text. This is what digital only platforms claim to do. Some people will engage with them. In our experience most will not.

Our customers have an average account balance of ~$9,000.00. It is a significant amount of money, and generally people want to speak with a customer service person before they commence paying. We do not see this changing in the near term.

To support the delivery of our services, to improve liquidations, to improve our cost to service, and to dramatically improve customer experience, Pioneer has during the period upgraded its infrastructure, and materially improved its cyber security stance. We have also progressed, and during FY23 expect to update our existing CRM to a new best in breed, world grade, end-to-end system.

We expect that this upgrade will ensure we have the best platform in Australia from which to service our customers, in a very compliant manner, that is efficient, supportive of liquidations performance through better customer segmentation and service journeys, and through ease of interaction and a very pleasant easy experience for our customers.

Economic conditions

Following a period of very low purchase activity, as FY22 progressed, and the height of the pandemic subsided, opportunities within the market started to present. Importantly for Pioneer, where this occurred, in the segments we specialise in, vendors were focussed in selling to purchasers who had a history of delivering a quality service to customers, of clearly demonstrating they could manage difficult customer situations, were financially secure, and where the management team was both known and trusted. Pioneer exhibits all these characteristics and benefitted from them. We expect this focus to continue.

The increase in opportunities in the market was dampened by the strong and persistent shift to a hybrid work environment. There is little doubt that while our business is effective with its workforce operating in this manner, that it is better when its people are together, and able to properly collaborate in a face to face setting.

Pleasingly, the return to office working gathered steam in the last quarter of the financial year, and the Company is benefitting from that.

Our customer base has continued to perform well during the past year, and there has been no noticeable difference in their payment behaviour. We believe this is supported by high levels of employment.

The Reserve Bank of Australia (RBA) has begun increasing interest rates with further increases forecast in FY23. The recent interest rate rises have increased the cost of borrowing on the Groups debt facilities.

Business risk statement

Like all businesses, Pioneer faces uncertainties in the future. The ability to understand, manage and mitigate risk is a source of the Company's competitive advantage. No period has bought to light the need to appropriately manage risk more than the COVID-19 pandemic.

For Pioneer, generally the most significant immediate financial risk is that our customers may not meet the expected level of repayments as they manage their financial commitments.

Our success in working with customers over time is based on several factors that mitigates default risk with people who have experienced financial difficulty. These include:

- Treating them with empathy, understanding and respect;
- Offering expert help in getting over financial challenges;
- A high investment in analytics to match effort and engagement to a customer's financial capability;
- Investing only in quality account portfolios from leading financial institutions; and
- Our people, who are here to help, rather than chase, and who work in a culture of strong values where a premium is placed on customer service and empathy.

These aspects to the Pioneer business were critical in guiding us through the past two years and remain critical to our ongoing success.

We are also conscious that the Company needs to be able to purchase debt portfolios at appropriate prices, and that risk is influenced by several factors. The availability of debt portfolios for acquisition is at the sole discretion of the debt vendors and there exists the risk that debt vendors will stop or delay selling portfolios in response to their own operating strategy or as a result of any potential changes in government policy. While acknowledging this risk, the Company's investment approach is a source of advantage:

- Pioneer has been successfully buying quality portfolios for over ten consecutive years, and has consistently been one of the largest participants in this market in Australia;
- Pioneer's empathetic approach to customers makes us a preferred partner for major financial institutions who are sensitive to how their customers are treated;
- Pioneer's analytics is driven by a professional team of analysts and data scientists using a large, growing, and relevant statistical base to inform investment decisions; and
- Pioneer's success is evidenced by standing out of markets during periods of relatively high prices.

Overlaying this are the usual risks of regulatory change, the importance of our people complying with regulations and our own internal policies, the impact of a strategy that is not well executed, the potential failure to respond appropriately to changes in technology and the threat posed through competitor behaviours. These are the source of regular attention and review by the Company's Executive and Board of Directors.

Risk Governance

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

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

Corporate governance

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

Pioneer continues to adopt all ASX Corporate Governance Council Guidelines and Recommendations.

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

Regulation and compliance

Pioneer operates in a highly regulated environment.

Our regulatory landscape includes Australian Securities Exchange, 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.

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 the Company's 2021 Annual General Meeting, the Company amended its Constitution to affirm its purpose to deliver returns to shareholders whilst having an overall positive impact on society and the environment. 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 self-assessed and meets the requirement for B Corp Certification. Certified B Corps are for-profit companies that use the power of business to build a more inclusive and sustainable economy. They meet the highest verified standards of social and environmental performance, transparency, and accountability.

In addition to clearly demonstrating our ESG credentials, which is an important aspect of Pioneer continuing to differentiate itself from others, certification will also enable the Company to access wider pools of capital which are important to driving down the capital costs of the Company.

B-Corp has commenced it processes to audit the Pioneer business for certification, and for which the Company is expecting to receive during the next financial year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Environmental regulation

The Company is not affected by any significant environmental regulations.

Information on Directors

Mr Michael Smith	Independent Non-Executive Chairman	
Experience and expertise	• Appointed Chairman of Pioneer in February 2014 • Managing Director of strategic marketing consultancy Black House, Non-Executive Chairman of 7-Eleven Stores Pty Ltd and Starbucks Australia, Director of Poppy Lissiman and AusCycling and Chair of AusCycling's High Performance Committee. • Fellow of AICD, D. Litt. (Hon) from UWA for his contribution to business and the Arts • Previous roles include National Chair of the Australian Institute of Company Directors, Deputy Chairman of Automotive Holdings Group Limited and Chairman of iiNet Limited, Lionel Samson Sadleirs Group, Synergy, Verve, Perth International Arts Festival, West Coast Eagles and Scotch College.	
Listed Company Directorships including those held at any time in the previous 3 years	Nil	
Special responsibilities	Chair of the Board Chair of Nomination Committee[1] Chair of Remuneration Committee[1] Member of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares	882,305
	Options (Listed)	36,365

Mr Keith John	Managing Director	
Experience and expertise	• Founder of Pioneer Credit with over 25 years' experience in the financial services industry • Widely regarded expert in the impaired credit sector in Australia • Director of Midbridge Investments Pty Ltd and Bondi Born.	
Listed Company Directorships including those held at any time in the previous 3 years	Nil	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares	11,242,934
	Indeterminate rights	75,000
	Options (Unlisted)	8,000,000
	Options (Listed)	2,727,273

Ms Andrea Hall	Independent Non-Executive Director	
Experience and expertise	• Appointed a Director of Pioneer in November 2016 • An experienced non-executive director currently serving on the boards of Perenti Global Limited, Evolution Mining Limited, Insurance Commission of WA and Fremantle Football Club (AFL) • Bachelor of Commerce from UWA, a Masters of Applied Finance and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. She served on the WA Council of Chartered Accountants of Australia New Zealand for seven years until 2011, the last year as Chair. • A former Risk Consulting Partner at KPMG with over 20 years' experience in governance and risk management, financial management, internal audit, and external audit.	
Listed Company Directorships including those held at any time in the previous 3 years	Automotive Holdings Group Ltd Perenti Global Limited Evolution Mining Limited	3 May 2018 to 30 Sept 2019 from 15 Dec 2019 from 1 Oct 2017
Special responsibilities	Member of Nomination Committee[1] Member of Remuneration Committee[1] Chair of Audit and Risk Management Committee	
Interests in shares and options	Ordinary Shares	97,887

Mr Peter Hall	Independent Non-Executive Director	
Experience and expertise	• Appointed a Director of Pioneer in January 2021 • Significant career experience across financial services, with specific expertise in credit risk in Australia, including five years with Genworth Financial Australia and New Zealand, initially as its Managing Director and later as Country Executive. • Previously seven years at GE Mortgage Insurance Australia and New Zealand, the final five years as Managing Director and Chief Executive Officer	
Listed Company Directorships including those held at any time in the previous 3 years	BNK Banking Corporation Limited	from 15 Nov 2015
Special responsibilities	Member of Audit and Risk Management Committee Member of Nomination Committee[1] Member of Remuneration Committee[1]	
Interests in shares and options	Nil	

Mr Stephen Targett	Independent Non-Executive Director
Experience and expertise	• Appointed a Director in June 2021 • Extensive financial services experience as a board member and an executive in Australia and overseas • Current Chairman of Member Owned Bank Police & Nurses Limited (P&N) and former Chair of BCU, a division of P&N. • Previously CEO of RACQ Bank and in successive executive positions, successfully led National Australia Bank's European services, Lloyds Banking Group's wholesale and international division and ANZ's institutional bank.
Listed Company Directorships including those held at any time in the previous 3 years	Nil
Special responsibilities	Member of Audit and Risk Management Committee Member of Nomination Committee[1] Member of Remuneration Committee[1]
Interests in shares and options	Ordinary Shares 136,363 Options (Listed) 136,363

Ms Michelle d'Almeida	Independent Non-Executive Director
Experience and expertise	• Appointed a Director in June 2021 • Former Managing Director of News Corporation's Sunday Times and Perth Now • Non-Executive Director of Perth Airport and ACTIV Foundation • Previously Non-Executive Director of Community Newspaper Group WA and Variety the Children's Charity
Listed Company Directorships including those held at any time in the previous 3 years	Nil
Special responsibilities	Member of Audit and Risk Management Committee Member of Nomination Committee[1] Member of Remuneration Committee[1]
Interests in shares and options	Ordinary Shares 36,363 Options (Listed) 36,363

Meeting of Directors

The number of meetings held, and attended, by the Directors during the year ended 30 June 2022 was:

Name	Board Meetings		Committee Meetings					
			Audit and Risk		Remuneration[1]		Nomination[1]	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr Michael Smith	21	21	4	4	1	1	1	1
Mr Keith John	21	21	n/a	n/a	1	1	1	1
Ms Andrea Hall	18	21	4	4	1	1	0	1
Mr Peter Hall	20	21	4	4	0	1	1	1
Mr Stephen Targett	21	21	4	4	1	1	1	1
Ms Michelle d'Almeida	21	21	4	4	1	1	1	1

[1] On 6 July 2022 the Nomination and Remuneration Committees merged to form the People, Remuneration and Nomination Committee. This is Chaired by Stephen Targett, and its members are the full Board.

Company Secretary

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

Remuneration Report

This Remuneration Report explains the Board's approach to executive remuneration and the remuneration outcomes for the Company's Key Management Personnel ('KMP') for the year ended 30 June 2022.

1. Overview

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

The remuneration report for the year ended 30 June 2022 has been prepared in accordance with section 300A of the *Corporations Act 2001* and has been audited under *Section 308(3C)*.

List of KMP

Directors

Mr Michael Smith	Independent Non-Executive Chairman	
Mr Keith John	Managing Director	
Ms Andrea Hall	Independent Non-Executive Director	
Mr Peter Hall	Independent Non-Executive Director	
Mr Stephen Targett	Independent Non-Executive Director	
Ms Michelle d'Almeida	Independent Non-Executive Director	

Executives

Ms Susan Symmons	Company Secretary	
Ms Andrea Hoskins	Chief Operating Officer	
Mr Barry Hartnett	Chief Financial Officer	
Mr. Joseph Terribile	Chief Information Officer	Appointed effective 30 November 2021

Remuneration policy and link to performance

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

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

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

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

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

The terms of the Rights, generally are:

a) Rights vest over a period of 3 to 5 years
b) Rights are issued for Nil consideration
c) Performance Rights convert to Ordinary Shares in the capital of Pioneer on a one-for-one basis
d) Indeterminate Rights may convert to Ordinary Shares in the capital of Pioneer on a one-for-one basis or, alternatively, the Board may determine in its absolute discretion that a vested Indeterminate Right will be satisfied by the Company making a cash payment in lieu of allocating Ordinary Shares at the 5 days Volume Weighted Average Price ('VWAP') prior to each vesting date
e) Conditions may include the executive being employed at the vesting date and a minimum VWAP to be achieved before vesting occurs.

Performance

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

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
(Loss) Profit for the year attributable to owners of the Group	(33,094)	(19,655)	(40,084)	4,281	17,600
Basic earnings (loss) per share (cents)	(40.48)	(30.43)	(63.36)	6.88	28.88
Dividend payments paid in financial year	-	-	-	7,476	7,273
Paid and relating to prior years 2H performance	-	-	-	4,752	3,219
Paid and relating to current year 1H performance	-	-	-	2,724	4,054
Dividend payout ratio	N/A	N/A	N/A	N/A	50%
Closing share price	$0.42	$0.50	$0.29	$2.70	$3.17
(Decrease) / Increase in share price	(17.0)%	75.4%	(89.4)%	(14.8)%	33.2%

For FY19 a dividend payment of $2.7m was declared based on the half-year reported profit of $5.5m. The dividend payout ratio was 50% for this payment. It is not meaningful to present this ratio for the full year given the final full year result. No dividend has been declared since half-year 2019.

2. Remuneration governance

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

- a strong and embedded corporate culture, built around the Pioneer Principles;
- a risk register that records identified risks, the likelihood and consequences of a risk occurring, and action taken or to be taken to reduce those risks;
- a comprehensive controls register that provides visibility on the adequacy of controls in place;
- policies and procedures around key processes; and
- a Delegation of Authority that specifies delegations from the Board to the Managing Director and from the Managing Director to management.

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

Role of the PRNC

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

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

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

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

The Corporate Governance Statement and the PRNC Charter provide full details of this Committees role.

Use of remuneration consultants

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

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

The proposed design of the LTI framework was presented to the People, Renumeration and Nominations Committee in July 2022 with the Committee requesting further information on the setting of long-term targets, such that they are fully aligned to good shareholder outcomes, before a recommendation is made to the Board.

A total of $16,500 was paid in relation to the LTI framework in FY22.

Securities trading policy

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

The policy sets out prohibited trading periods which include:

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

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

3. Executive remuneration

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

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

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

Executives may be provided LTIs through the issue of Rights in the Company, vesting over a period of 3-5 years after the grant of the award and/or through the issue of Ordinary Shares in the Company, with a holding lock applied for a period of up to 3 years. This structure ensures executives are retained and incentivised to continue delivering sustainable long-term earnings of the business.

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

Fixed remuneration

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

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

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

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

Long term incentives

At the Annual General Meeting ('AGM') held on 29 October 2014, shareholders approved the Pioneer Credit Equity Incentive Plan ('the Plan') and at the 2017 AGM the Company refreshed the Plan under ASX Listing Rule 7.2 (Exception 9(b)). The Plan was further refreshed at the 2020 AGM.

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

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

Long term incentive awards in place during the year

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

Instrument	Performance Rights for Ordinary Shares		
Quantum	500,000 Performance Rights		
Grant Date	1 July 2021		
Key performance measures	Employment at vesting date The Company's Shares trade at a VWAP of +>$1.00 for at least 30 days		
Performance period	1 July 2021 to 23 September 2024		
Dividends	No dividends are paid on Performance Rights		
Fair value, vesting date and fully vested period schedule	$138,400	23 September 2024	100%

4. Non-Executive Director Arrangements

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

Non-Executive Directors fees for FY22 were:

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

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

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

5. Statutory remuneration disclosures

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

Statutory remuneration tables

Non-Executive Directors											
	Fixed remuneration						**Variable remuneration**				
Year	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Other	Termination benefits	Cash bonus	Post-employment benefits	Options	Indeterminate rights	Total
Mr Michael Smith											
2022	160,000	-	-	16,000	-	-	-	-	-	-	176,000
2021	160,000	-	-	15,200	-	-	-	-	-	-	175,200
Ms Andrea Hall											
2022	120,000	-	-	12,000	-	-	-	-	-	-	132,000
2021	120,000	-	-	11,400	-	-	-	-	-	-	131,400
Ms Ann Robinson [1]											
2022	-	-	-	-	-	-	-	-	-	-	-
2021	93,462	-	-	8,879	-	-	-	-	-	-	102,341
Mr Peter Hall											
2022	100,000	-	-	10,000	-	-	-	-	-	-	110,000
2021	47,308	-	-	4,494	-	-	-	-	-	-	51,802
Mr Stephen Targett											
2022	100,000	-	-	10,000	-	-	-	-	-	-	110,000
2021	6,923	-	-	658	-	-	-	-	-	-	7,581
Ms Michelle d'Almeida											
2022	100,000	-	-	10,000	-	-	-	-	-	-	110,000
2021	4,231	-	-	402	-	-	-	-	-	-	4,633
Total											
2022	580,000	-	-	58,000	-	-	-	-	-	-	638,000
2021	431,924	-	-	41,033	-	-	-	-	-	-	472,957

[1] Ms Ann Robinson resigned effective 7 June 2021

Executive Director

	Fixed remuneration					Variable remuneration					
Year	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Other[4]	Termination benefits	Cash bonus	Post-employment benefits	Options	Indeterminate rights	Total
Mr Keith John											
2022	777,623	12,906	20,807	27,500	-	-	-	-	426,400	274,734	1,539,970
2021	752,885	14,268	8,387	25,000	200,000	-	-	-	2,573,733	594,195	4,168,468

Executive Key Management Personnel

	Fixed remuneration					Variable remuneration					
Year	Cash salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Other[4]	Termination benefits	Cash bonus	Post-employment benefits	Options	Performance rights	Total
Ms Susan Symmons[1]											
2022	295,894	12,906	41,495	27,500	-	-	-	-	-	20,547	398,342
2021	271,038	14,268	42,147	25,000	150,000	-	-	-	-	30,934	533,387
Ms Andrea Hoskins											
2022	446,000	12,906	25,436	27,500	-	-	-	-	-	68,054	579,896
2021	321,231	14,268	21,389	25,000	-	-	-	-	-	6,919	388,807
Mr Barry Hartnett											
2022	445,385	12,906	41,560	27,500	-	-	-	-	-	176,426	703,777
2021	301,154	14,268	46,839	25,753	100,000	-	-	-	-	148,142	636,156
Mr Joseph Terribile[2]											
2022	190,769	5,772	12,933	14,861	-	-	-	-	-	-	224,335
2021	-	-	-	-	-	-	-	-	-	-	-
Mr Jason Musca[3]											
2022	-	-	-	-	-	91,172	-	-	-	-	91,172
2021	308,923	-	22,477	25,000	-	12,308	-	-	-	-	368,708
Total											
2022	2,155,671	57,396	142,231	124,861	-	91,172	-	-	426,400	539,761	3,537,492
2021	1,955,231	57,072	141,239	125,753	450,000	12,308	-	-	2,573,733	780,190	6,095,526

[1]Ms. Susan Symmons transitioned to 0.8 Full Time Equivalent during the financial year
[2]Mr. Joseph Terribile commenced effective 30 November 2021
[3]Mr. Jason Musca commenced effective 25 May 2020 and resigned effective 4 June 2021
[4]Represents ex-gratia payments in FY21 to three executives who were key to the refinancing process

Proportion of fixed and variable remuneration

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

Name		Fixed remuneration	At risk – STI	At risk – LTI
Executive Director				
Mr Keith John	2022	54%	-	46%
Executive Key Management Personnel				
Ms Susan Symmons	2022	95%	-	5%
Ms Andrea Hoskins	2022	88%	-	12%
Mr Barry Hartnett	2022	75%	-	25%
Mr. Joseph Terribile	2022	100%	-	-

Contractual arrangements with senior executives

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

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

6. Security holdings held by KMP

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

Performance rights or indeterminate rights

Name	Balance at the start of the year	Granted	Vested	Forfeit	Balance at the end of the year	Unvested
Indeterminate Rights						
Executive Director						
Mr Keith John	875,000	-	(425,000)	-	450,000	450,000
Performance Rights						
Executive Key Management Personnel						
Ms Susan Symmons	345,000	-	(19,500)	-	325,500	325,500
Mr Barry Hartnett	1,510,000	100,000	(67,500)	-	1,542,500	1,542,500
Ms Andrea Hoskins	500,000	100,000	-	-	600,000	600,000
Mr Joseph Terribile	-	-	-	-	-	-
Total	3,230,000	200,000	(512,000)	-	2,918,000	2,918,000

Listed Options

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

Name	Balance at the start of the year	Issued	Exercised	Balance at the end of the year
Non-Executive Directors				
Mr Michael Smith	-	36,365	-	36,365
Ms Andrea Hall	-	-	-	-
Mr Peter Hall	-	-	-	-
Mr Stephen Targett	-	136,363	-	136,363
Ms Michelle d'Almeida	-	36,363	-	36,363
Total – Non-Executive Directors	-	209,091	-	209,091
Executive Director				
Mr Keith John	-	2,727,273	-	2,727,273
Executive Key Management Personnel				
Ms Susan Symmons	-	36,363	-	36,363
Mr Barry Hartnett	-	454,545	-	454,545
Ms Andrea Hoskins	-	272,727	-	272,727
Mr Joseph Terribile	-	272,727	-	272,727
Total – Executive Key Management Personnel	-	3,763,635	-	3,763,635
Total held by KMP	-	3,972,726	-	3,972,726

Share Purchase Facility

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

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

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

Management loans

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

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

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

Name	Balance at the start of the year	Loans provided	Interest paid and payable for the year	Balance at the end of the year	Highest indebtedness during the year
Mr Keith John	-	1,500,000	8,836	1,500,000	1,500,000
Mr Barry Hartnett	-	250,000	1,473	250,000	250,000
Ms Andrea Hoskins	-	150,000	884	150,000	150,000
Mr Joseph Terribile	-	150,000	884	150,000	150,000
Total	-	2,050,000	12,077	2,050,000	2,050,000

Because of the security interest, no provision has been recognised for doubtful debts in relation to the loans.

Ordinary Shares

250,000 Shares were issued to two executives on 1 July 2021. The key terms are:

a) The fair value per share was $0.4025,
b) The shares are restricted from trading for 3 years from the date of issue

The shares will be released from a holding lock after 3 years from issue or the date of cessation of employment from the Company. As there are no vesting conditions the shares have been expensed at the date of issue

Name	Balance at the start of the year	Granted	Vested	Forfeit	Balance at the end of the year	Unvested
Executive Key Management Personnel						
Mr Barry Hartnett	-	125,000	125,000	-	-	-
Ms Andrea Hoskins	-	125,000	125,000	-	-	-
Total	-	250,000	250,000	-	-	-

Unlisted Options

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

Shareholdings

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Non-Executive Directors			
Mr Michael Smith	845,940	36,365	882,305
Ms Andrea Hall	97,887	-	97,887
Mr Peter Hall	-	-	-
Mr Stephen Targett	-	136,363	136,363
Ms Michelle d'Almeida	-	36,363	36,363
Total – Non-Executive Directors	943,827	209,091	1,152,918
Executive Director			
Mr Keith John	6,067,461	5,175,473	11,242,934
Executive Key Management Personnel			
Ms Susan Symmons	418,791	78,779	497,570
Mr Barry Hartnett	167,991	605,379	773,370
Ms Andrea Hoskins	-	272,727	272,727
Mr Joseph Terribile[1]	-	272,727	272,727
Total – Executive Key Management Personnel	6,654,243	6,405,085	13,059,328
Total held by the KMP	7,598,070	6,614,176	14,212,246

[1] Mr Joseph Terribile commenced effective 30 November 2021

7. Other transactions with KMP

Leases entered into with related parties

Mr Keith John is the sole director and secretary of Avy Nominees Pty Limited, the trustee of The John Family Primary Investment Trust ('JFPIT'). JFPIT is the owner of 190 Bennett Street, East Perth which is leased by the Company. The lease expired on 1 January 2022 and was at arm's-length basis and for the year ended 30 June 2022, the net amount of $17,322 (inclusive of GST) was paid to JFPIT in respect of the lease. No amount was owing to the related party at 30 June 2022.

JFPIT is the owner of 188 Bennett Street, East Perth which was leased by the Company as part of the Company's COVID disaster recovery strategy on 3 February 2022. The Lease was entered into following an assessment by the Independent Directors of the Company that the lease was at arm's length, that the commercial benefit was to the Company, and that it was a necessary step to protect the Company from the vast changing environment that the omicron variant of COVID presented in Western Australia at the time.

The lease expires on 2 February 2023, unless renewed by the Company, and is at arm's length terms on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with an unrelated individual at arm's length in the same circumstances. For the year ended 30 June 2022 the net amount of $18,979 (inclusive of GST) was paid to JFPIT in respect of the lease. No amount was owing to the related party at 30 June 2022.

Contracting Services with Alana John Design

During the year, the Company leased the space located at 188 Bennett Street, East Perth. Alana John Design, a design firm owned by the Managing Director's wife was appointed to design and project manage the fit out of the leased space.

Alana John Design had previously designed, and project managed each of the Company's four floors at 108 St Georges Terrace, Perth. Significant efficiencies were gained in appointing the firm given their previous experience and knowledge with respect to the Company's requirements and ensuring that the look and feel of the new leased space is consistent with that of the Company's existing fit outs.

Alana John Design was paid normal commercial rates, in the sum of $34,403 (inclusive of GST), and this is deemed to be an arm's length transaction for the year ended 30 June 2022.

Loans from related parties

Medium Term Notes ('MTN')

Mr Keith John is a Director and Secretary of Avy Nominees Pty Ltd, the trustee of the KR & AN John Family Superannuation Fund ('JFSF'). JFSF held 500 MTN, with a face value of $500,000 at the beginning of the fiscal year. The notes were issued on an arm's length basis.

On 22 October 2021, the majority of the registered holders of the outstanding MTN (including JFSF), voted in favour of the Special Resolution to amend the terms of the MTN. The beneficial holders that voted in favour were entitled to receive a fee of 0.5% of the outstanding principal amount to each MTN. The Company completed the financial close of the refinancing of its debt facilities on 8 November 2021.

On 23 December 2021, the Company held a general meeting of shareholders for the exchange of 500 MTN held by JFSF for a face value of $500,000 in consideration for the issue of 833,333 shares at $0.60 per share and the 500 MTNs were cancelled upon exchange.

During the period $20,095 in interest and $2,500 in consent fee were paid on to Midbridge Nominees Pty Ltd in relation to the note transactions. At 30 June 2022, JFSF no longer held any MTNs.

Participation in the Senior Facility Agreement – Midbridge Investments Pty Ltd

Mr Keith John is the sole director and secretary of Midbridge Investments Pty Ltd ('Midbridge'). On 16 September 2020 Midbridge became a lender to the Company in the sum of $1,000,000 under the Syndicate Facility Agreement ('SFA') arranged by Nomura Australia.

Midbridge was paid $110,613 in interest during the period, and on refinance of the Senior Debt Facilities on 8 November 2021, the principal balance of $1,000,000 was repaid.

In consideration of other syndicate members entering the SFA, Midbridge provided the other syndicate members a real estate backed guarantee and mortgage security to the value of $2.5m. These security interests were extinguished as part of the Company's refinance of its Senior Debt Facilities on 8 November 2021.

Participation in the Senior Facility Agreement – Shucked Investments Pty Ltd

Ms Sue Symmons is the sole director and secretary of Shucked Investments Pty Ltd ('Shucked'). On 16 September 2020 Shucked became a lender to the Company in the sum of $100,000 under the SFA.

During the fiscal year Shucked received interest payments to the sum of $11,061, and on refinance of the Senior Debt Facilities on 8 November 2021, the principal balance of $100,000 was repaid.

Insurance of officers

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

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

Proceedings on behalf of the Company

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

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

Non-audit services

Deloitte Touche Tohmatsu ('Deloitte') were appointed auditors on 25 November 2019.

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

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

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

A copy of the Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is on page 33. During the year the following fees were paid or payable for non-audit services.

	2022 $	2021 $
Deloitte Touche Tohmatsu		
Total remuneration for non-audit services	158,263	165,000

Rounding of amounts

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

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

Michael Smith
Chairman

Perth
31 August 2022

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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31 August 2022

The Board of Directors
Pioneer Credit Limited
Level 6, 108 St Georges Terrace
Perth WA 6000

Dear Board Members

Auditor's Independence Declaration to Pioneer Credit Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pioneer Credit Limited.

As lead audit partner for the audit of the financial report of Pioneer Credit Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Corporate Governance Statement

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

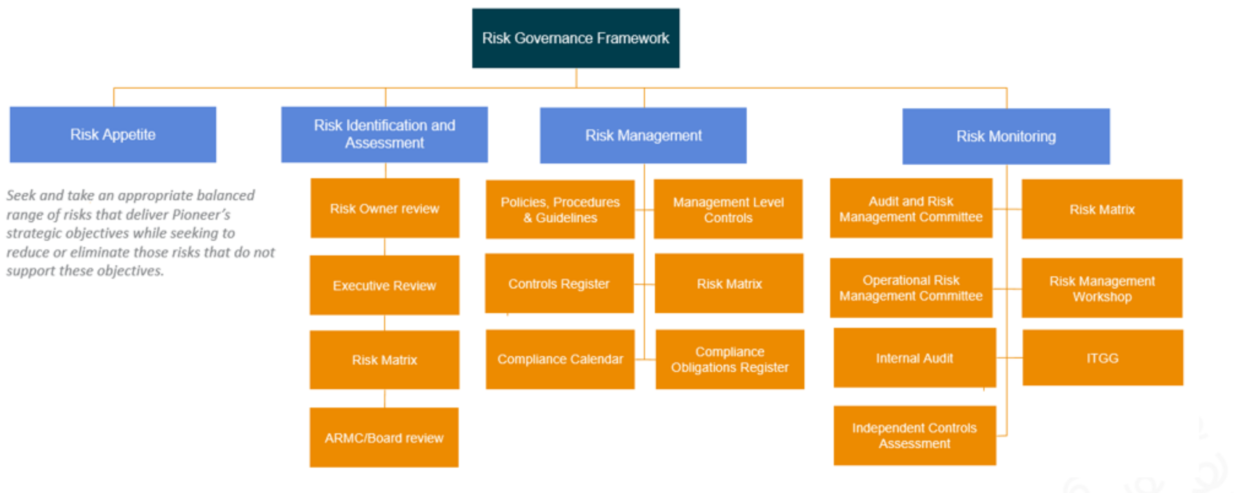
The Corporate Governance Statement is dated 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year and was approved by the Board on 25 August 2022. The Group's Corporate Governance Statement can be viewed at:
https://pioneercredit.com.au/corporate/governance

Risk Management Framework

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

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

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



Policies, Procedures & Guidelines

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

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

Management Level Controls

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

Controls Register

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

Compliance Obligations Register

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

Compliance Calendar

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

Risk Monitoring

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

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

Independent Controls Assessment

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

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

Internal Audit

The Company has an Operational Risk Manager who objectively and independently reviews the Company's business processes, evaluates risk management procedures, and conducts internal audit and risk management reviews. This initiative forms part of Pioneer's LOD model (i.e. 3rd LOD).

Financial Statements

Contents

Consolidated statement of financial position

	Note	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	23,071	10,373
Trade and other receivables	14	6,174	855
Other current assets	18	979	818
Current tax asset	12	3	53
Purchased debt portfolio	15	96,298	73,397
Total current assets		126,525	85,496
Non-current assets			
Property, plant and equipment	16	804	351
Intangible assets	16	958	1,558
Right of use assets	17	8,446	4,930
Other non-current assets	18	3,504	2,286
Deferred tax assets	12	-	-
Purchased debt portfolio	15	199,218	175,697
Total non-current assets		212,930	184,822
Total assets		339,455	270,318
LIABILITIES			
Current liabilities			
Trade and other payables and liabilities	20	28,721	5,467
Borrowings	19	20,378	425
Provisions	21	1,971	1,518
Lease liabilities	17	961	3,060
Total current liabilities		52,031	10,470
Non-current liabilities			
Borrowings	19	236,283	200,656
Lease liabilities	17	9,090	3,327
Provisions	21	971	1,196
Total non-current liabilities		246,344	205,179
Total liabilities		298,375	215,649
Net assets		41,080	54,669
EQUITY			
Contributed equity	24	103,589	81,755
Reserves	24	9,545	11,874
Accumulated losses		(72,054)	(38,960)
Capital and reserves attributable to owners of Pioneer Credit Limited		41,080	54,669
Total equity		41,080	54,669

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	2022 $'000	2021 $'000
Continuing operations			
Interest income at amortised cost	15	62,574	57,020
Net impairment (loss) on PDPs	15	(8,913)	(4,286)
Other income	8	653	662
		54,314	53,396
Employee expenses	11	(33,176)	(30,634)
Finance expenses	9	(39,131)	(26,699)
Direct liquidation expenses		(2,691)	(1,997)
Information technology and communications		(3,490)	(4,013)
Depreciation and amortisation		(2,822)	(3,783)
Consultancy and professional fees		(2,503)	(2,385)
Other expenses	10	(3,549)	(3,212)
Fair value adjustments on financial assets		-	2,288
Gain on lease modification		7	145
(Loss) / Profit before income tax		(33,041)	(16,894)
Income tax (expense)/benefit	12	(53)	(2,761)
(Loss) / Profit for the period from continuing operations		(33,094)	(19,655)
Total comprehensive (loss) / income for the year is attributable to:			
Owners of Pioneer Credit Limited		(33,094)	(19,655)
(Loss) / Earnings per share			
Basic (cents per share)	33	(40.48)	(30.43)
Diluted (cents per share)	33	(40.48)	(30.43)

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

Consolidated statement of changes in equity

	Note	Contributed Equity	Share Based Payment Reserve	Warrant Reserve	Other Reserves	Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020		80,049	3,870	-	-	(19,960)	63,959
Total comprehensive (loss)/income for the year		-	-	-	-	(19,655)	(19,655)
		80,049	3,870	-	-	(39,615)	44,304
Transactions with owners in their capacity as owners:							
Treasury share acquired		(745)	-	-	-	-	(745)
Treasury shares and share based payments		-	2,970	-	-	655	3,625
Equity plans		-	-	-	-	-	
Issue of treasury shares to employees		426	(426)	-	-	-	-
Warrants issued		-	-	7,485	-	-	7,485
Warrants converted		2,025	-	(2,025)	-	-	-
		1,706	2,544	5,460	-	655	10,365
Balance at 30 June 2021	24	81,755	6,414	5,460	-	(38,960)	54,669
Balance at 1 July 2021		81,755	6,414	5,460	-	(38,960)	54,669
Total comprehensive (loss)/income for the year		-	-	-	-	(33,094)	(33,094)
		81,755	6,414	5,460	-	(72,054)	21,575
Transactions with owners in their capacity as owners:							
Issue of shares	24	20,908	-	-	-	-	20,908
Treasury share acquired	24	(2,370)	-	-	-	-	(2,370)
Share based payments	11	-	1,126	-	-	-	1,126
Issue of treasury shares to employees	24	525	(525)	-	-	-	-
Warrants converted	24	2,771	-	(2,771)	-	-	-
Foreign currency conversion	24	-	-	-	(159)	-	(159)
		21,834	601	(2,771)	(159)	-	19,505
Balance at 30 June 2022	24	103,589	7,015	2,689	(159)	(72,054)	41,080

Consolidated statement of cash flows

	Note	2022 $'000	Restated 2021 $'000
Cash flows from operating activities			
Receipts from liquidations of PDPs and services (inclusive of goods and services tax)		106,739	95,350
Payments to suppliers and employees (inclusive of goods and services tax)		(52,036)	(41,122)
		54,703	54,228
Interest received		22	31
Interest paid		(25,730)	(42,040)
Net income taxation (paid)/refund		(3)	580
Cash flows from operating activities before changes in operating assets		28,992	12,799
Acquisitions of PDPs		(75,750)	(29,818)
Net cash outflow used in operating activities	13	(46,758)	(17,019)
Cash flows from investing activities			
Payments for property, plant and equipment		(696)	(102)
Payments for intangible assets		(116)	(1,326)
Proceeds on sale of other assets		-	2,288
Net cash flow from investing activities		(812)	860
Cash flows from financing activities			
Proceeds from borrowings		233,163	169,000
Repayment of borrowings		(174,154)	(142,033)
Payments for third party financing transaction costs		(6,716)	(8,471)
Proceeds from issue of ordinary shares net of issue costs		12,544	-
Lease payments		(2,199)	(2,238)
(Payments)/proceeds from Treasury shares and KMP loan		(2,370)	(745)
Net cash flow from financing activities		60,268	15,513
Net increase / (decrease) in cash and cash equivalents		12,698	(646)
Cash and cash equivalents at the beginning of the financial year		10,373	11,019
Cash and cash equivalents at the end of the financial year		23,071	10,373

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

Notes to the consolidated financial statements

1. Reporting entity

The Consolidated Financial Statements for the financial year ended 30 June 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 ('PDP's'). The Company's principal place of business is Level 6, 108 St Georges Terrace, Perth, Western Australia.

2. Basis of preparation

a) Statement of compliance

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

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

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 31 August 2022.

b) Basis of measurement

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

c) Functional and presentation currency

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

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

d) Use of estimates and judgements

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

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

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

- Note 15 (p.59) - Purchased debt portfolios ('PDP's')
- Note 17 (p.69) - Leases

Taxation

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

Changes in accounting policies and disclosures

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

Adoption of new and revised Accounting Standards

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

New Standard	Overview of Changes
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	AASB 9 Financial instruments - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability
AASB 2021-3 - Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions	Allow rent deferrals / waivers due to COVID-19 received on or before 30 June 2022 to be treated as variable lease payments rather than a modification of the lease.
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	Amends AASB 4 Insurance Contracts, AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures and AASB 16 Leases to address issues that may affect financial reporting during interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark rate.

New standards and interpretations not yet adopted

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

	30 June 2021		
	As reported	**Adjustment**	**Restated**
	$'000	$'000	$'000
Consolidated statement of cash flows			
Cash flows from/ (used in) operating activities	12,799	(29,818)	(17,019)
Cash flows from/ (used in) investing activities	(28,958)	29,818	860
Net increase/(decrease) in cash and cash equivalents	(646)	-	(646)
Reconciliation of profit after income tax to net cash flows from operating activities			
Net cash flow from operating activities	12,799	(29,818)	(17,019)

3. Going Concern

The financial statements have been prepared on the going concern basis which assumes the realisation of assets and the settlement of liabilities in the ordinary course of business. At 30 June 2022, the Group generated a net loss before tax of $33.0m (2021: loss $16.9m) and had positive working capital of $74.5m (2021: $75.0m).

During the period the Group completed a $200m refinancing of its Senior Debt Facility (‘Facility’) (please refer to Note 19), increased the MTNs to $60m and raised $21.6m of equity, to support the acquisition of Purchased Debt Portfolios (‘PDPs’) and reduce the leverage of the Group.

The Facility and MTNs contain covenants which are closely linked to the carrying value of the PDPs and the level and timing of PDP acquisitions and liquidations which include sales. Whilst the forecast prepared by Management using their best estimate assumptions does not indicate any covenant breaches in the period to August 2023, this is dependent on the ability of the business to operate in line with forecasts, and future market conditions which are out of the control of the Group and may be subject to change.

If a breach with respect to an obligation under the Facility appeared likely to occur or did occur, the Company has numerous options available to remedy the triggering event and prevent a breach under the terms of the Facility, beyond increasing liquidations. These include but are not limited to:

- obtaining a waiver of any likely breach from the financiers,
- ceasing to acquire PDP’s, thereby generating additional net cash,
- the ability to raise funds through an equity issue,
- selling non-core assets, or part of its PDP portfolio

If a breach is not waived or remedied through one or a combination of the above options, the financiers could declare that all or a part of the debt is due and payable on demand. In addition, a default under the Facility would cause a cross default under the MTNs.

Management have prepared a detailed cash flow forecast, using their best estimate assumptions based on historical performance which includes:

- PDP acquisitions, funded from a combination of the Facility and free cash,
- liquidations of PDPs and sale of non-core PDPs,
- recruitment of experienced employees in Western Australia and in the eastern states, and
- delivery of business initiatives, including reducing the Group's cost to service PDPs.

The Directors have assessed the cash flow forecast based on their expectation including liquidations, acquisitions, and sales. In making their assessment the Directors have considered the impact of macro-economic factors on the Group's operating initiatives and performance, in particular on PDP acquisitions and the flow on impact to liquidations. The Directors have also considered the impact of the Group's operational focus on recruiting experienced employees, continuing to transition more customers onto payment arrangements and the focus on reducing the cost to service.

The key assumptions underpinning the cash flow forecast are inherently uncertain and are subject to variation due to factors which are outside the control of the Group. Notwithstanding this, the Directors believe that it is appropriate to continue to adopt the going concern basis of preparation.

4. Significant events occurring in the current reporting period

Refinance transactions

On 8 November 2021, the Company completed financial close on its refinancing of debt facilities.

The refinance included:

- A $200.0m four-year Senior Facility Agreement ('Facility') with global investment manager Fortress Investment Group ('Fortress');
- Extending the maturity of its MTN's to 5 years expiring in 2026, and upsized to $60m through a fully subscribed offer; and
- Completing an equity raise of $5.4m from institutions and high net worth investors at a premium to the prevailing share price.

On 23 December 2021, Pioneer held a general meeting of shareholders for the exchange of 500 MTN held by Managing Director, Keith John, for a face value of $500,000 in consideration for the issue of 833,333 shares at $0.60 per share. The 500 MTNs were cancelled upon exchange, reducing the total amount of the MTN outstanding to $59.5m.

On 16 March 2022, the cornerstone investor and holder of MTNs proposed to swap $4.0m of MTNs to equity at a placement price of $0.55 per share as part of an equity raise. This was agreed to by the Company and as a result $4.0m of MTN's were extinguished. The total amount of MTNs outstanding was reduced to a face value of $55.5m, and remained at that level at 30 June 2022.

On 23 March 2022, the Company executed an amendment deed to the Facility to incorporate an additional tranche totalling $40.0m for the purpose of acquiring a performing portfolio of assets. During the period, $5.9m was repaid against this facility.

Pioneer's access to debt funding at 30 June 2022 comprises senior and subordinated facilities totalling $289.6m and as at the reporting date $26.25m remains undrawn and available for use.

For full details on the refinance transactions during the period please refer to Note 19

Equity raises

In addition to the $5.4m in equity raised (before transaction costs) as part of the refinance of its facilities in November 2021, the Company completed an equity raise on 16 March 2022 of $11.4m (before transaction costs) from institutions and high net worth investors through the issue of 20,636,361 new fully paid ordinary shares at a price of $0.55 per share, and following shareholder approval the equity raise participants also received an attaching 1-for-1 option at an exercise price of $0.80, expiring on 31 March 2025. This placement enabled the Company to fund the acquisition of a PA Portfolio, and any additional funds were allocated to working capital.

In May 2022, a further $4.8m (before transaction costs) which was raised from existing substantial shareholders through a priority offer of a total of 8,725,365 shares, with a 1-for-1 attaching option issued at $0.55 per share. The attaching options are exercisable at $0.80 with an expiry date of 31 March 2025

5. Significant accounting policies

a) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pioneer Credit Limited as at 30 June 2022. Pioneer Credit Limited and its subsidiaries together are referred to in this financial report as the ('Group') or the ('Company').

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

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

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

b) Income tax

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

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

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

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

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

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

c) Cash and cash equivalents

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

d) Trade and other receivables

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

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

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

The expected loss rates are based on the payment profiles over a 12-month period before 30 June 2022 and the corresponding credit losses experienced within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

e) Purchased Debt Portfolios

Refer to Note 15 for detailed accounting policy.

f) Property, plant, and equipment

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

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

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

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

Depreciation methods and useful lives

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

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

g) Intangible assets

Software

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

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits, adequate technical, financial, and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

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

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

h) Leases

Right-of-use assets

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

i) Trade and other payables

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

j) Borrowings

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

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

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

k) Derivative liabilities

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

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

l) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

m) Employee benefits

Short term obligations

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

Long service leave

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

Share-based payments

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

n) Contributed equity

Ordinary shares issued are classified as equity.

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

o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

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

p) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis.

q) Impairment of assets

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

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

r) Government grants

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

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

s) Foreign Currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

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

6. Financial risk management

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

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

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

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

The Group periodically considers the need to make use of derivative financial instruments and hedging arrangements to manage interest rate risk. There are currently no such arrangements in place.
The following table lists financial assets and liabilities, interest rate type and carrying value.

	Interest rate	**2022** $'000	**2021** $'000
Financial assets			
Cash and cash equivalents	Variable	23,071	10,373
Trade and other receivables	Variable	6,174	855
Purchased Debt Portfolios	Fixed	295,516	249,094
Financial liabilities			
Trade and other payables (excluding interest payable)	Variable	28,721	4,558
Borrowings – before transaction costs:			
Senior financier	Variable	199,573	161,092
Medium term notes	Variable	53,394	39,639
Other loans	Fixed	502	-

Market risk management

Interest Rate Risk

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

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

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

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

Currency Risk

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

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

Liquidity risk management

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

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

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

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

Maturities of financial liabilities

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

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Carrying amount
	$'000	$'000	$'000	$'000
At 30 June 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 30 June 2021				
Trade and other payables	5,467	-	-	5,467
Borrowings (incl. interest and make-whole)	425	200,656	-	201,081
	5,892	200,656	-	206,548

Credit risk management

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

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

Purchased or originated credit-impaired financial assets ('POCI') are financial assets classified at amortised cost that are purchased or originated at a deep discount that reflects incurred credit losses. At initial recognition, POCI assets do not carry a separate impairment allowance; instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate.
There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

At 30 June 2022 there were no material trade receivables that were past due and there are no trade receivables that are in default. The Group's trade receivables and consumer loans are subject to AASB 9's expected credit loss ('ECL') model for recognising and measuring impairment of financial assets.

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

Impairment of trade and other receivables

Where a financial asset is measured at either amortised cost or fair value through other comprehensive income, an entity shall recognise an allowance for expected credit losses.

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

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

The following table details the loss allowance balance and movement.

Trade and other receivables	2022	2021
	$'000	$'000
Opening loss allowance as at 1 July	68	97
Increase / (Decrease) in provision for loss allowance	38	(29)
Amounts written-off during the period	(8)	-
Loss allowance at 30 June	98	68

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

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

Days past due	**0-30**	**31-60**	**61-90**	**91-120**	**121-150**	**Over 150**	**Total**
Expected Credit Loss Rates							
Grid 1	1.76%	3.90%	10.25%	13.43%	17.98%	26.27%	
Grid 2	7.88%	8.95%	10.34%	12.51%	15.93%	18.02%	
Gross Carrying Amounts							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Grid 1	121	26	5	22	16	285	475
Grid 2	107	36	-	1	-	6	150
Lifetime expected loss	11	4	-	3	3	77	98

7. Segment information

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

8. Other income

	2022 $'000	2021 $'000
Fees for services	577	605
Interest Income	22	31
Other	54	26
	653	662

9. Finance expenses

	2022 $'000	2021 $'000
Bank fees and borrowing expenses	2,837	1,035
Gain on modification of MTN[1]	(122)	-
Loss on derecognition of SFA[1]	1,332	1,067
Break fees	6,300	-
Commitment fees	166	137
Interest and finance charges paid/payable for financial liabilities not at fair value	28,072	23,980
Lease liability	546	480
	39,131	26,699

[1]Refer to Note 19 – Borrowings for further information.

10. Other expenses

	2022 $'000	2021 $'000
Occupancy costs	1,054	975
Administration expenses	2,018	1,939
Other	448	156
Impairment of tangible and intangible assets	29	142
	3,549	3,212

11. Employee expenses

	2022 $'000	2021 $'000
Wages and salaries	27,216	23,027
Superannuation	2,330	1,925
Change in liabilities for employee benefits	92	300
Share-based payment transactions	1,126	3,721
Other associated personnel expenses	2,412	1,661
	33,176	30,634

12. Income tax

Income tax recognised in profit or loss

	2022 $'000	2021 $'000
Current tax on profits for the year	-	-
Adjustments for current tax and deferred tax of prior periods	50	-
Deferred tax (benefit) expense	3	2,761
Income tax expense (benefit) expense	53	2,761
Income tax is attributable to:		
(Loss)/Profit from operations	(33,041)	(16,894)
Deferred income tax expense / (income) included in income tax expense comprises:		
(Decrease)/increase direct to equity	-	-
Decrease/(increase) in deferred tax assets of prior years	-	-
Decrease/(increase) in deferred tax assets	-	2,761
	-	2,761

Numerical reconciliation of income tax expense to prima facie tax payable

	2022 $'000	2021 $'000
(Loss) / profit from operations before income tax expense	(33,041)	(16,894)
Tax at the Australian tax rate of 30.0% (FY21: 30.0%)	(9,912)	(5,067)
Non-deductible entertainment costs	58	38
Non-deductible share based payments	338	1,116
Under / (over) provision for prior year current and deferred taxation	50	64
Employee share scheme	(711)	(224)
Fair value write down of investment	-	(193)
Other non-deductible expenses and assessable income	8	16
Tax losses not recognised as a deferred tax asset	10,222	7,011
Income tax (benefit) / expense	53	2,761

Deferred tax assets and liabilities

	2022	2021
	$'000	$'000
The balance comprises temporary differences attributable to:		
Employee benefits (annual leave)	421	364
Retirement benefit obligations (superannuation payable)	28	68
	449	432
Other accrued expenses (audit, accounting, payroll tax)	159	81
Other temporary differences (formation costs, legal and other professional costs, fixed and intangible timings)	1,674	2,100
Prepayments	(19)	(20)
Provision for impairment (PDPs) through profit or loss	2,229	(445)
Provision for impairment (PDPs) through equity	-	1,369
Provision for leases	505	535
Deferred tax assets not recognised	(4,548)	(3,620)
	-	-
Net deferred tax assets	-	-

13. Cash and cash equivalents

a) Cash and cash equivalents

	2022	2021
	$'000	$'000
Cash at bank	23,071	10,373
	23,071	10,373

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

	2022	2021
	$'000	$'000
(Loss)/Profit for the period	(33,094)	(19,655)
Non-cash items in profit or loss:		
Foreign currency translation	4	-
Other non-cash expenses	566	(18)
Fair value adjustment	-	(2,262)
Lease Liability Interest accrual	356	335
Impairment of tangible and intangible assets	29	142
Non-cash employee benefits expense	1,268	4,255
Other non-cash items	-	33
Income tax benefit	-	2,761
Depreciation and amortisation	2,822	3,783
Interest	1,596	2,312
(Increase)/decrease in assets:		
Trade and other receivables	(5,319)	989
PDPs	(44,153)	12,166
Deferred tax assets	-	2,761
Other assets	(161)	-
Increase/(decrease) in liabilities:		
Trade and other payables and liabilities	23,251	149
Interest payable	6,355	(25,196)
Income tax payable	(50)	(581)
Provisions	(228)	1,007
Net cash flow inflow used in operating activities before changes in operating assets	(46,758)	(17,019)

Non-cash investing and financing activities

	2022	2021
	$'000	$'000
Fair value adjustments on financial assets	-	2,288
MTN to equity swap	4,500	-
Refinancing transaction fees equity swap	1,940	-
Other – KMP Loans	2,050	

14. Trade and other receivables

	2022	2021
	$'000	$'000
Trade receivables	547	800
Other receivables	5,627	55
	6,174	855

15. Purchased debt portfolios

	2022	2021
	$'000	$'000
Current	96,298	73,397
Non-current	199,218	175,697
	295,516	249,094

PDPs are recognised at fair value at the date of purchase and are subsequently measured at amortised cost. The fair value of PDPs at 30 June 2022 approximates the carrying value measured under amortised cost as the discount rate applied to determine fair value would be similar to the effective interest rate ('EIR').

PDPs are reported in accordance with the rules for purchased or originated credit–impaired assets, that is, 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 net carrying amount 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).

Cash flow projections are made at the portfolio level, which have an assumed life of 10 to 15 years depending on the level of demonstrated consistency in consumer payment behaviour.

The carrying amount of each portfolio is determined at each reporting period by discounting projected future cash flows to present value using the EIR as at the date the portfolio was acquired.

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

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

	2022	2021
	$'000	$'000
At beginning of period	249,094	260,047
Debt portfolios acquired	99,493	31,030
Liquidations of PDPs	(106,732)	(94,717)
Interest income accrued	62,574	57,020
Net impairment (loss)/gain	(8,913)	(4,286)
	295,516	249,094

Critical judgement in applying the accounting policy

Classifying PDPs at amortised cost and the use of the 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, which are assumed to have a maximum life of up to 15 years. For a small segment of the PDP assets (less than 4% of the carrying value) that have been part of the portfolio for at least 3.5 years, the maximum expected life (and therefore future expected cash flows) is extended based on demonstrated consistency in customer payment behaviour. This extension in the cash flow projection period to a maximum of up to 11.5 years increases the carrying value of the asset by $10.8m.

Estimating the timing and amount of cash flows for both the calculation of EIRs and subsequent re-measurement of the carrying amount of PDPs requires significant management judgement regarding key assumptions. The underlying estimates that form the basis for amortised cost accounting depends on variables including how the customer accounts were originated, serviced by which financial institution, the quality and depth of information on the customer, if a customer has a scheduled payment arrangement, how much time has elapsed since a payment was made against the accounts, outstanding amounts due, the time elapsed since acquisition and the personal circumstances and characteristics of the customers. The Group adjusts the carrying amount of the portfolios to reflect the revised estimated cash flows. Events or changes in assumptions and management's judgement will affect the recognition of revenue in the period.

The Group has used information and data obtained from debt sale vendors at acquisition and observation of PDP attributes to determine expected cash flow forecasts for the calculation of EIRs. In addition, the Group applies judgement and considers long term expectations of performance informed by historic analysis to ensure the setting of EIRs is based on the best estimates that incorporate the lifetime expectation of credit losses for the PDP. These cash flow forecasts are reviewed by management, with model overlays used to address any modelling anomalies observed. Once the EIR is determined, it is set for the life of the PDP and not revised. Any changes to PDP attributes from that point on, when additional information and data is sourced or becomes available, will result in changes to cash flow forecasts and impairment gains or losses. The Group has a policy of continually reviewing its estimation of cash flow forecasts.

Cash flow forecasts are generated using statistical 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.

Management also reviews the model on a portfolio basis to take into account factors which have impacted historical or will impact future performance and where necessary portfolios are calibrated to take into account these known factors. The assumptions and estimates made are specific to the characteristics of each portfolio.

If total forecasted cash flow projections utilised in determining the value of the portfolio were to change by ±5%, the carrying value of PDPs at 30 June 2022 of $295.5m would change by $14.3m in a downside scenario and $14.3m in an upside scenario. If resolution of any uncertainty results in an increase or decrease in carrying value of PDPs, this is recognised in the statement of profit or loss at that point in time as an impairment gain or loss.

In calculating the carrying value of the assets based on expected future cash flows, inclusive of an impairment charge, the Group evaluates a range of possible outcomes and considers the time value of money, past events, and current and future economic conditions. All PDP assets are considered at a tranche level as these are substantially homogeneous based on shared credit risk characteristics exhibited by purchased credit-impaired debt.

Recovery methods include implementation and management of payment plans and communication with the customer to tailor an appropriate outcome. When the Group has exhausted all practical recovery methods, and there is no reasonable expectation of recovering cash flows from the financial asset, the financial asset is sold or written off.

Impacts of an Uncertain Macroeconomic Environment

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

In assessing the reasonableness of forecast cash flows produced by the valuation model, management considered the key factors affecting the current and expected Australian economic environment, including the COVID pandemic, rising consumer interest rates and an inflationary environment currently being managed through Reserve Bank policy measures. Improved household liquidity and strong employment levels are considered as offsetting circumstances to these economic impacts for Pioneer's customer base.

The Group's focus on customer support, the underlying quality of its debt portfolio and the acceleration of a payment arrangement growth strategy are all expected to combine to minimise the adverse impacts on forecast future cash flows in the short term, with the medium to longer-term view being positive with a stronger environment for consumers to pay down debt expected.

The model responds dynamically to changes in the Group's ability to generate cash flows in line with forecast. Lower performance against the forecast cash flows, which has been observed in the past 6-12 months, flows through to dampen expected cash flows in the forecast. The raw models do not assume a recovery from underperformance in the forecast.

The scenarios modelled at 30 June 2022 considered the potential impacts of a deferral in cashflows over a period of between 6 to 18 months, with varying periods of recovery of those deferred cash flows. Reflecting the current economic environment and measured optimism on Australia's long term economic future, the scenarios model a period of dampened short-term performance followed by a full or partial recovery of the variance and no outperformance over the longer term.

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.

The overlay has been determined by considering the key metrics outlined in the following table:

	2022	2023	2024
	%	%	%
Unemployment rate	3.6	3.7	4.0
Headline CPI	6.2	2.7	2.5
Domestic demand growth	5.5	2.8	2.4
RBA cash rate	2.1	2.6	2.6

Source: NAB - The Forward View, Australia (Jun 2022)

The Group has applied a probability-weighted view capturing various scenarios which is the generally accepted method of producing a macroeconomic overlay, outlined in the table below. This has resulted in the inclusion of a negative macroeconomic overlay of $2.0m.

Scenario	Weighting	Deferred cash flows	Period of impact	Recovery rate	Recovery period	Future out performance	Impact $'m
Low impact	35%	(5%)	6 months	100%	12 months	nil	(0.4)
Medium impact	60%	(8%)	12 months	100%	24 months	nil	(2.1)
Severe downside	5%	(10%)	18 months	50%	36 months	nil	(8.2)

Model Risk

Valuation model risk arises where key judgements may impact on the appropriateness of model outputs. Commensurate with the complexity, materiality and business use of the model, the Group mitigated model risk through:

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

Additional analysis is performed through back testing, stability testing and sensitivity analysis. The results, outcomes and actions affirmed the conceptual soundness of the model. However, given the inherent limitations of historic information predicting future liquidations, additional model risk mitigation is achieved through appropriate downward calibration of the expected future cash flows, resulting in a negative overlay of $2.7m.

Operational Risk:

Operational risk arises where current or expected operational strategies or challenges may affect future cashflows and lead to impairment gains or losses to the PDP carrying value.

The operational overlay is applied to recognise operational issues, challenges, initiatives, or strategies that are not considered in the modelling process and are expected to affect future cash flows.

For the PDP valuation at 30 June 2022, the Group considered the recent and expected impacts to cash flows resulting from disruption to the Group's workforce as a result of COVID-related absences, transition to a hybrid work model and changes in the timing and quantum of the FY22 purchasing programme which affects workforce planning and operational strategies. Consideration of these impacts resulted in a short-term dampening of the forecast cash flows produced by the valuation model.

Part of management's assessment also included consideration of the initiatives and underway to drive improvements in liquidations, such as:

- Continued focus on creating long term value through creation of payment arrangements; and
- Investment in Pioneer's Employee Value Proposition to improve in employee retention and maintain strong levels of experience in the business; and
- An expansion of Pioneer's operational headcount on the east coast of Australia.

These initiatives are expected to generate significant benefits for Pioneer, across both an uplift in liquidations and decrease in cost to service in future years. This resulted is the inclusion of a positive overlay of $7.4m at 30 June 2022.

16. Property, plant and equipment and intangible assets

a) Property, plant, and equipment

	Plant and equipment	Furniture, fittings, and equipment	Leasehold improvements	Total
	$'000	$'000	$'000	$'000
2021				
At 1 July 2020				
Cost	2,914	665	3,477	7,056
Accumulated depreciation	(2,614)	(458)	(2,914)	(5,986)
Net book amount	300	207	563	1,070
At 30 June 2021				
Opening net book amount	300	207	563	1,070
Additions	51	43	8	102
Depreciation charge	(292)	(153)	(376)	(821)
Closing net book amount	59	97	195	351
Cost	2,965	708	3,485	7,158
Accumulated depreciation	(2,906)	(611)	(3,290)	(6,807)
Net book amount	59	97	195	351
2022				
At 1 July 2021				
Opening net book amount	59	97	195	351
Additions	591	12	93	696
Disposals	-	-	-	-
Transfers	57	(39)	(5)	13
Depreciation charge	(103)	(27)	(126)	(256)
Closing net book amount	604	43	157	804
At 30 June 2022				
Cost	3,556	720	3,578	7,854
Accumulated depreciation	(2,952)	(677)	(3,421)	(7,050)
Net book amount	604	43	157	804

b) Intangible assets

	Software and licenses $'000
2021	
At 1 July 2020	
Cost	5,049
Accumulated amortisation	(4,117)
Net book amount	932
Opening net book amount	932
Additions	1,326
Disposals	(105)
Impairment charge	(142)
Amortisation charge	(453)
Closing net book amount	1,558
At 30 June 2021	
Cost	6,375
Accumulated amortisation and impairment	(4,817)
Net book amount	1,558
2022	
At 1 July 2021	
Opening net book amount	1,558
Additions	116
Disposals	(4)
Transfers	(14)
Amortisation	(698)
Closing net book amount	958
At 30 June 2022	
Cost	6,491
Accumulated amortisation and impairment	(5,533)
Net book amount	958

Amortisation methods and useful lives

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

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

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

17. Leases

a) Right of use assets

	$'000
Balance at 1 July 2020	7,440
Depreciation	(2,510)
Balance at 30 June 2021	4,930
Balance at 1 July 2021	4,930
Revaluation of lease asset on modification	5,383
Depreciation	(1,867)
Balance at 30 June 2022	8,446

b) Lease liabilities

	2022	2021
	$'000	$'000
Current lease liability	961	3,060
Non-current lease liability	9,090	3,327
	10,051	6,387

Maturity analysis – undiscounted

	$'000
Lease commitments (principal and interest) at 30 June 2022	
Within one year	961
Later than one year but no later than five years	7,107
Later than 5 years	1,983
	10,051

On 31 January 2022, the Group entered into a Lease extension agreement with Brookfield Funds Management Limited extending the non-cancellable period of premises leased at 108 St Georges Terrace, Perth to 30 June 2029 (previously 30 June 2023).

In determining the non-cancellable period of the lease, the Group has applied the lease term, 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 treated the extension of leases as a modification of existing leases under AASB 16, with the revised cashflows under the new lease being discounted back using the companies incremental borrowing rate at the time of modification, resulting in an increase of $5.4m in the companies lease liabilities and right of use asset on modification.

The Incremental Borrowings Rate ('IBR') was reset upon modification. The group engaged an independent review of its IBR which considered the reference rate, spread and lease specific data in relation to the Brookfield lease. It was determined that the IBR on modification was 7.05%.

As a result of this extension, previously deferred rental payments under COVID relief were waived by the lessor.

The extended lease agreement includes an amount of $4.5m to be applied as a rental abatement or fit-out incentive with the Group electing to apply a portion of the lease incentive to a fit-out refresh of the premises with the remaining portion being applied as an abatement over the term of the lease.

During the period, the Group also entered into a Lease Agreement with Avy Nominees Pty Ltd (a related entity of the Managing Director) for 188 Bennett St Perth as part of the Groups COVID mitigation strategy during the Omicron wave. The lease is at arm's length for a term of 12 months and has been treated under the short term lease exemption in AASB 16 and payments in relation to this lease are expensed when incurred.

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

18. Other assets

	2022 $'000	2021 $'000
Current		
Prepayments	979	818
	979	818
Non-current		
Cash backed rental guarantee	1,454	2,286
Loans to management[1]	2,050	-
	3,504	2,286

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

19. Borrowings

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Secured						
Senior debt facilities	18,280	182,114	200,394	-	153,571	153,571
Medium term notes	-	54,169	54,169	-	39,575	39,575
Interest and make-whole payable	1,596	-	1,596	425	7,510	7,935
Other Loans	502	-	502	-	-	-
	20,378	236,283	256,661	425	200,656	201,081

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

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

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

Secured liabilities and assets pledged as security

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

All property of the Group comprises the Groups total assets of $339,455,000 at 30 June 2022 (30 June 2021: $270,318,000).

Financing arrangements

Senior Facility

During the period, the Group refinanced with Fortress. The Group has access to a Senior Facility of $234.1m at 30 June 2022 (30 June 2021: $189.0m) comprised of a $125.0m term facility, $50.0m Revolving Facility, $25.0m Growth Facility, and $34.1m Delayed Draw Term Loan Facility.

The refinance completed on 8 November 2021 included:

- A $200.0m four-year Senior Facility Agreement (**'Initial Facility'**) with global investment manager Fortress Investment Group ('**Fortress**');
- Extending the maturity of its MTN's to 5 years expiring in 2026, and upsized to $60m through a fully subscribed offer; and
- Completing an equity raise of $5.4m ($0.66m issued 20 January 2022) from institutions and high net worth investors at a premium to the prevailing share price

On 23 March 2022, the Group executed an amendment deed to the Facility to incorporate and additional tranche ('**Tranche 4'**) totalling $40.0m for the purpose of acquiring a performing portfolio of assets. This Delayed Draw Term Loan facility was fully drawn to $40.0m during the period with repayments of $5.9m, noting that no redraw facilities are available on this Tranche.

The undrawn limit of the Senior Facility is $26.3m at 30 June 2022 (30 June 2021: $20.0m). The Senior Facility maturity date is 6 November 2026.

The key terms of the Initial Facility comprise:
- Facility Amount up to A$240.0m, consisting of:
    - Tranche 1: A$125.0m Term Facility (fully drawn at 30 June 2022)
    - Tranche 2: A$50.0m Revolving Facility (partially drawn at 30 June 2022)
    - Tranche 3: A$25.0m Growth Facility (undrawn at 30 June 2022)
    - Tranche 4: A$40.0m Delayed Draw Term Loan Facility (Fully drawn at 30 June 2022 with $5.9m repaid during the period)
- Scheduled maturity date is four years of drawdown date being 8 November 2025.
- Termination date is five years of drawdown date being 8 November 2026.
- The Facility has a first ranking fixed and floating charge over all the assets of the Group; and
- Variable interest rate plus BBSY (minimum 0.25%). The variable interest rate is set by the Advance Rate on the facility. The Advance Rate refers to the aggregate principal amount in respect of all facilities divided by the aggregate book value of the PDPs.

Advance Rate	Margin
<= 60%	7.25% per annum
> 60% and <= 65%	7.75% per annum
> 65% and <= 70%	8.25% per annum
> 70%	8.75% per annum

- The default rate is an additional margin of 4.0% p.a. over the applicable interest rate;
- Establishment fee of 2.5%
- Unused line fee of 1.5% per annum (not applicable to the growth facility until first drawdown);
- Funding by Pioneer will be limited to the Borrowing Base. The Borrowing Base is calculated monthly, as PDP value as a percentage to each tranche based on nature of the underlying receivables;
- The Group has 2 prepayment options on the Facility:
    - Make whole interest payment applies to tranche 1 of the Facility if it is repaid up to 24 months post financial close; and
    - Early repayment premium of 1% applies to tranche 1 of the Facility if it is repaid in the period 24 to 30 months post financial close.
- The financial covenants are tested monthly and shall include:
    - compliance with the Borrowing Base;
    - a minimum Interest Cover Ratio of 2.0x to apply;

  - no equity is to be released to the shareholders during the term of the Facility; and
  - Group change of control covenant.
- The Collateral Performance Triggers are tested monthly and shall include but not limited to:
  - Actual-to-Expected Collections Ratio for each individual cohort (financial year vintage) is not less than 85%; and
  - Actual-to-Expected Collections Ratio (total) is not less than 75%.

At 30 June 2022 a Performance Trigger Event ('the Event') occurred with the Borrowing Base resulting in the reclassification of $1.6 million of the Facility from non-current to current as it could be required to be repaid. The financier deemed the event with the Borrowing base was rectified in July.

The terms of the Tranche 4 facility are largely consistent with the Initial facility, the key terms applicable to Tranche 4 only are as follows:

- Establishment fee of 2.5% of the Tranche 4 Facility payable over a 6 month term
- Variable interest rate plus BBSY (minimum 0.25%). The variable interest rate is set by the Loan to Value (LTV) margin on the facility. The LTV Rate refers to the aggregate principal amount in respect to Tranche 4 divided by the aggregate principle amount in respect of the Tranche 4 facility plus the aggregate equity support amount

LTV Rate	**Margin**
<= 60%	7.25% per annum
> 60% and <= 65%	7.75% per annum
> 65% and <= 70%	8.25% per annum
> 70%	8.75% per annum

- Equity support is the amount contributed to the purchase price of the PDP net of any amounts funded by Tranche 4 borrowings
- Liquidations from the PDP asset funded by Tranche 4 are used to directly pay down the Tranche 4 facility interest, establishment fee and principal amortisation amount.
- At 30 June 2022, the Group had fully drawn the $40m and repaid $5.9m against the outstanding principle
- Repayments against this Facility are not available for re-draw

On derecognition of the Group's former senior facility, a loss of $1.3m and break costs of $6.3m were incurred.

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 have 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 have concluded that early redemption will not occur within the 30-month period and the separate derivative has been valued at zero.

MTN

On 8 November 2021, in conjunction with the Facility, Pioneer completed financial close on the $60.0m MTN's.

On 22 October 2021, the majority of the registered holders of the outstanding MTN, voted in favour of the Special Resolution. The beneficial holders that voted in favour were entitled to receive a fee of 0.5% of the outstanding principal amount to each MTN.

The key terms of the special resolutions were as follows:

- an extension of the Maturity Date of the Notes to 30 November 2026;
- an increase to the Margin to +8.75% per annum;
- revised optional redemption dates and pricing;
- an increase to the Loan Book Value Ratio (Total) to 87.5% for the period to 30 March 2023; and
- an early redemption call option as follows:
    - 20% of MTN can be redeemed at face value at any time prior to Maturity Date
    - 80% of MTN can be redeemed as follows:
        - 104% of face value for redemptions prior to and including 31 October 2022
        - 103% of face value for redemptions from 1 November 2022 and 31 October 2023
        - 102% of face value for redemptions from 1 November 2023 and 31 October 2024
        - 101% of face value for redemptions from 1 November 2024 and 31 October 2025; and
        - 100% of face value for redemptions after and including 1 November 2025.

Upon modification, a quantitative assessment to determine if the terms of the amended MTN were substantially different was completed. The assessment result of 17% difference exceeded the threshold of 10%, meaning the original MTN liability of $40m was derecognised resulting in gain of $122k and the remaining transaction costs of $254.0k were expensed through the profit or loss. A new MTN liability of $60.0m was subsequently recognised.

The Group's exchange of 500 MTNs held by Managing Director, Keith John, for a face value of $500,000 in consideration for the issue of 833,333 shares, at $0.60 per share, was approved at a general meeting of shareholders of 23 December 2021. The 500 MTNs have been extinguished as part of the Liability and $5.3k of transaction costs relating to the 500 MTNs have been derecognised and expensed as part of the swap.

Subsequently, on 16 March 2022, the cornerstone investor in the Group's equity Placement and holder of MTNs proposed to swap $4.0m of MTNs to equity instruments at the placement price of $0.55 per share as part of the equity raise. This was agreed to by the Group and as a result $4.0m of MTN's were extinguished as part of the liability as well as $70.0k in transaction costs related to the MTNs have been derecognised and expensed as part of the swap.

The balance of the MTNs has effectively been reduced to a face value of $55.5m at 30 June 2022 as a result of the above transactions.

The MTN 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 MTN's 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 prior to (and including) 31 October 2022	104 per cent
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 MTN's will not occur prior to 1 November 2025 and the separate derivative has been valued at zero. Further information on borrowings following the refinancing of the Group's senior debt facility and amendment and extension of the MTN's can be found in Note 4.

Changes in liabilities arising from the financing activities

	$'000	$'000	$'000	$'000
	Opening balance at 1 July 2020	Cash flow	Other non-cash flow[1]	Closing Balance at 30 June 2021
Borrowings	206,292	(23,544)	18,333	201,081
Lease liabilities	8,290	(2,238)	335	6,387
	214,582	(25,782)	18,668	207,468
	Opening balance at 1 July 2021	Cash flow	Other non-cash flow[1]	Closing Balance at 30 June 2022
Borrowings	201,081	59,009	(3,429)	256,661
Lease liabilities	6,387	(2,199)	5,863	10,051
	207,468	56,810	2,434	266,712

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

20. Trade and other payables and liabilities

	2022	2021
	$'000	$'000
Trade and other payables	1,056	4,104
PDPs payable[1]	24,611	839
Other liabilities	3,054	524
	28,721	5,467

[1]Significant PDP acquisitions of $24m finalised in late June 2022.

21. Provisions

	2022 $'000	2021 $'000
Current		
Provision for long service leave	522	241
Provision for annual leave	1,404	1,214
Share based payments	45	63
	1,971	1,518
Non-current		
Lease make good	421	411
Provision for long service leave	395	559
Share based payments	155	226
	971	1,196

Lease make good

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

Share Based Payments

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

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

22. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year 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.

23. Financial Instruments

The Group has the following financial instruments

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

As at 30 June 2021	Measurement	Current $'000	Non-current $'000	Total $'000
Financial assets				
Cash and cash equivalents	Amortised cost	10,373	-	10,373
Trade and other receivables	Amortised cost	855	-	855
Purchased Debt Portfolios	Amortised cost	73,397	175,697	249,094
Other assets	Amortised cost	-	2,286	2,286
		84,625	177,983	262,608
Financial liabilities				
Trade and other payables	Amortised cost	5,467	-	5,467
Borrowings	Amortised cost	-	201,081	201,081
		5,467	201,081	206,548

Classification as trade and other receivables

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

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

24. Equity

Contributed equity

	2022 Shares	2022 $'000	2021 Shares	2021 $'000
Ordinary shares – fully paid excluding treasury shares	106,592,433	103,589	66,277,190	81,755

Share capital

Movement

	Number of shares	$'000
2021		
Opening balance 1 July 2020	62,878,293	80,049
Treasury shares acquired	(1,507,688)	(745)
Treasury shares issued to employees	302,000	426
Exercise of warrants	4,604,585	2,025
Closing balance 30 June 2021	66,277,190	81,755
2022		
Opening balance 1 July 2021	66,277,190	81,755
Issue of shares	38,496,726	20,908
Treasury shares acquired	(4,617,216)	(2,370)
Treasury shares issued to employees	856,500	525
Exercise of warrants	5,579,233	2,771
Closing balance 30 June 2022	106,592,433	103,589

Ordinary shares

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

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

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

Treasury shares

	Number of shares	$'000
2021		
Opening balance 1 July 2020	519,956	1,934
Treasury shares issued to employees	(302,000)	(426)
Treasury shares acquired during the period	1,507,688	745
Closing balance 30 June 2021	1,725,644	2,253
2022		
Opening balance 1 July 2021	1,725,644	2,253
Treasury shares issued to employees	(856,500)	(525)
Treasury shares acquired during the period	4,617,216	2,370
Closing balance 30 June 2022	5,486,360	4,098

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

Options

The Company has previously issued 8,000,000 unlisted options to the Managing Director, with 3,000,000 of these remaining unvested at 30 June 2022. No options were exercised or had expired during the period.

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

Share based payment reserve

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

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

	2022 $'000	2021 $'000
At 1 July		
Opening balance	6,414	3,870
Share based payments and executive share plan[1]	1,126	3,332
Treasury shares loan repayments	-	(362)
Performance rights issued	(525)	(426)
At 30 June	7,015	6,414

[1]2021 includes accelerated vesting of Performance Rights that will be paid out in line with the original vesting dates, at the market value at that date.

Warrant reserve

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

	2022 $'000	2021 $'000
At 1 July		
Opening balance	5,460	-
Warrants issued	-	7,485
Warrants converted	(2,771)	(2,025)
At 30 June	2,689	5,460

Foreign exchange translation reserve

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

	2022 $'000	2021 $'000
At 1 July		
Opening balance	-	-
Foreign currency translation	(159)	-
At 30 June	(159)	-

25. Capital management

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

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

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

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

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

Details of financing facilities at 30 June 2022 are set out in Note 19.

Dividends

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

Franking Account

The balance of the franking account at year end is, on a tax rate of 30.0%, $5.8m (FY21: $5.8m).

26. Group structure

Significant investments in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2022	2021
Pioneer Credit Solutions Pty Limited	Australia	Ordinary	100	100
Sphere Legal Pty Limited	Australia	Ordinary	100	100
Pioneer Credit (Philippines) Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Connect Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Broking Services Pty Limited	Australia	Ordinary	100	100
Switchmyloan Pty Limited	Australia	Ordinary	100	100
Credit Place Pty Limited	Australia	Ordinary	100	100
Pioneer Credit Acquisition Services (UK)Limited [1]	United Kingdom	Ordinary	100	100
Pioneer Credit Solutions (NZ) Limited	New Zealand	Ordinary	100	100
Pioneer Credit Connect (Fund 1) Pty Ltd [2]	Australia	Ordinary	100	100
Pioneer Credit Connect (Personal Loans) Pty Ltd [3]	Australia	Ordinary	100	100
Pioneer Credit Limited Equity Incentive Plan Trust	Australia	N/A	100	100

[1]Pioneer Credit Acquisition Services (UK) Limited is an entity incorporated in the United Kingdom and has not conducted any business since inception to 30 June 2022.
[2]Pioneer Credit Connect (Fund 1) Pty Ltd was incorporated on 15 January 2018 and has not conducted any business since inception to 30 June 2022.
[3]Pioneer Credit Connect (Personal Loans) Pty Ltd was incorporated on 15 January 2018 and has not conducted any business since inception to 30 June 2022.

27. Parent entity financial information

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

	2022 $'000	2021 $'000
Balance Sheet		
Current assets	17,873	1,746
Total assets	215,439	197,974
Current liabilities	4,722	10,470
Total liabilities	272,678	213,572
Shareholder equity		
Contributed equity	103,909	82,075
Reserves	7,992	10,181
Accumulated losses	(169,140)	(107,854)
	(57,239)	(15,598)
Profit for the year		
Total comprehensive (loss) / profit	(61,285)	(54,231)

Guarantees entered into by the Parent entity

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

Contingent liabilities of the Parent entity

Proceedings were commenced against the company in February 2022 for an alleged breach of an agreement in relation to corporate advice allegedly provided, claiming up to $300,000. Pioneer disputes this and is defending the claim.

The Parent entity had no other contingent liabilities at 30 June 2022.

28. Deed of cross guarantee

Pioneer Credit Limited, Pioneer Credit Solutions Pty Limited, Sphere Legal Pty Limited, Pioneer Credit (Philippines) Pty Limited, Pioneer Credit Connect Pty Limited, Switchmyloan Pty Limited, Pioneer Credit Broking Services Pty Limited, and Credit Place Pty Limited are parties to a deed of cross guarantee, entered into on 25 June 2015. Credit Place Pty Limited was joined to this deed of cross guarantee on 26 June 2017.

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

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

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

Pioneer Credit Solutions (NZ) Limited, Pioneer Credit Acquisition Services (UK) Limited, Pioneer Credit Connect (Fund 1) Pty Ltd and Pioneer Credit Connect (Personal Loans) Pty Ltd are not reporting entities.

As at 30 June 2022:

- Pioneer Credit Solutions (NZ) Limited has assets of $3.49m (2021: $2.36m), liabilities of $1.75m (2020: $1.19m) of which the majority relates to amounts due to Group entities and contributed $0.36m (2020: $0.16m) to Group profit before income tax; and
- Pioneer Credit Acquisition Services (UK) Limited has no assets (2021: $6) and liabilities of $0.02m (2021: nil) all of which relates to amounts due to Group entities. The UK entity generates no revenue.

29. Contingencies

Proceedings were commenced against the company in February 2022 for an alleged breach of an agreement in relation to corporate advice allegedly provided, claiming up to $300,000. Pioneer disputes this and is defending the claim.

The Group had no other contingent liabilities at 30 June 2022.

30. Commitments

Service Contract

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

	2022 $'000	2021 $'000
Commitments for minimum service payments in relation to non-cancellable contracts are payable as follows:		
Within one year	3,333	3,438
Later than one year but not later than five years	1,938	5,293
	5,271	8,731

31. Related party transactions

Key Management Personnel

	2022	2021
	$	$
Short-term employee benefits[1]	2,793,067	2,444,227
Post-employment benefits[2]	182,861	166,786
Other long-term benefits[3]	142,231	141,239
Other[4]	-	450,000
Termination benefits	91,172	12,308
Options	426,400	2,573,733
Share-based payments	539,761	780,190
	4,175,492	6,568,483

[1]Short-term benefits include salary and fees, non-monetary benefits, and other short-term benefits as per *Corporation Regulation 2M.3.03(1) Item 6*
[2]Includes superannuation guarantee
[3]Includes annual and long service leave
[4] Represents ex-gratia payments in recognition of past performance

Transactions with other related parties

	2022	2021
	$	$
Net rental expenses and other services:		
Entities owned or controlled by KMP	70,703	51,922
Superannuation contributions:		
Contributions to superannuation funds on behalf of Directors	85,500	66,033

Loans from related parties

During the period, Avy Nominees Pty Ltd, a related entity controlled by Keith John held 500 Medium Term Notes. The loans were on an arm's length basis and were extinguished and converted to Equity at $0.60 following approval from Shareholders in December 2021.

Medium term notes

	2022	2021
	$	$
Loans from key management personnel:		
Beginning of the year	500,000	500,000
Interest charged	20,095	33,999
Interest paid	(20,095)	(33,999)
Consent fee charged	2,500	2,500
Consent fee paid	(2,500)	(2,500)
Conversion of MTN to fully paid ordinary shares	(500,000)	-
End of year	-	500,000

During the period, Shucked Investments Pty Ltd, a related entity controlled by Susan Symmons and Midbridge Investments Pty Ltd, a related entity controlled by Keith John held loans in the Syndicate Facility Agreement arranged by Nomura Investments. The loans were at arm's length and were extinguished on 8 November 2022 as part of the refinance with Fortress Australia.

Syndicate facility agreement (SFA)

	2022 $	2021 $
Loans from key management personnel:		
Beginning of the year	1,100,000	-
SFA - Tranche B drawdown	-	1,100,000
SFA - upfront, guarantee and facility fees charged	87,500	186,660
SFA - upfront, guarantee and facility fees paid	(87,500)	(186,660)
Warrants issued	-	70,128
Warrant exercised	-	(70,128)
Interest charged	121,674	144,750
Interest paid	(121,674)	(144,750)
Extinguishment of Loan	(1,100,000)	-
End of year	-	1,100,000

Loans to related parties

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

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

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

Loans to key management personnel

	2022 $	2021 $
Loans to key management personnel:		
Beginning of the year	-	-
Loans to KMP	(2,050,000)	-
Interest charged	(12,075)	-
Interest paid	12,075	-
End of year	(2,050,000)	-

32. Share-based payments

Employee share scheme

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

Equity incentive plan

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

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

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

On 9 July 2021, 500,000 performance rights were transferred to executives and senior leadership employees from a departing executive. Each Right entitles the holder to one fully paid ordinary share for no consideration, provided the holder of the Right remains employed by the Group at the Vesting Date.

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

	2022
Grant date	9 July 2021
Fair value at grant date	$0.2768
Share price at grant date	$0.48
Expiration period - years	3
Dividend yield	Nil
Vesting date	23-Sep-24
Barrier Price	$1.00
Exercise price	Nil

Summary of Rights Granted

	2022	**2021**
	Number of rights	Number of rights
Equity settled rights issued during the year	500,000	3,250,000
Unvested Rights at the end of the period	4,011,500	4,118,000

Pioneer Credit Limited Equity Incentive Plan Trust

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

The Trust acquired 4,482,316 shares during the financial year and paid $2,370,000. As at 30 June 2022 the Trust held 4,951,460 shares (2021: 1,725,844)

33. Earnings / (Loss) per share

Basic earnings / (loss) per share

	2022 Cents	2021 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(40.48)	(30.43)
Total basic earnings / (loss) per share attributable to the ordinary equity holders of the Company	(40.48)	(30.43)

Diluted earnings / (loss) per share

	2022 Cents	2021 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(40.48)	(30.43)
Total diluted earnings / (loss) per share attributable to the ordinary equity holders of the Company	(40.48)	(30.43)

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

	2022 $'000	2021 $'000
Basic earnings / (loss) per share:		
(Loss) / profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
From continuing operations	(33,094)	(19,655)
Diluted earnings / (loss) per share:		
(Loss) / profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	(33,094)	(19,655)

Weighted average number of shares used as the denominator

	2022 Number	2021 Number
Weighted average number of Ordinary shares used as the denominator in calculating basic earnings / (loss) per share	82,143,521	64,596,792
Weighted average number of ordinary and potential shares used as the denominator in calculating diluted earnings per share	82,143,521	64,596,792

Performance rights

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

34. Remuneration of auditors

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

	2022 $	2021 $
Deloitte:		
Audit and review of financial reports	728,200	460,405
Statutory assurance services required by legislation to be provided by the auditor	-	23,100
Other services[1]	126,500	165,000
Total remuneration of Deloitte Australia	854,700	648,505

[1] *Other services are in relation to Vendor Due Diligence report incurred as part of the refinance process in FY22*
Amounts are inclusive of GST and expense reimbursement.

Directors Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 38 to 88 are in accordance with the *Corporations Act 2001*, including:

   a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, liable by virtue of the deed of cross guarantee described in note 28.

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

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

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

Keith John
Managing Director

Perth
31 August 2022

Deloitte.

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Independent Auditor's Report to the Members of Pioneer Credit Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pioneer Credit Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Measurement of purchased debt portfolios (PDPs)
 	
As set out in Note 15 of the financial statements, the PDPs are held at amortised cost.
 	
The measurement of the PDPs is estimated by the Group using internally developed cash flow models (the models).
 	
Complexity arises in respect of the accounting for PDPs due to the following:
 	
• the requirement to calculate credit-adjusted effective interest rates (CAEIRs) when PDPs are acquired involves significant judgement in estimating the amount and timing of future expected cash flows. In particular, judgement is required in estimating the credit risk attributes of PDPs that underpin modelled cash flow forecasts on acquisition.
• re-estimating future cash flows for PDPs at the end of each period results in impairment gains/losses which also require significant judgement and reliance on internally- developed cash flow models.
• estimating the impact of the macro-economic outlook and future operational performance on forecast cash flows requires considerable judgement.
• the models used by management remain sensitive to the inherent uncertainty of estimating future cash flows, both at acquisition date and at period end.
 	
As a result, the assessment of the carrying value PDPs is a key audit matter.
	Our audit procedures, performed in conjunction with our Treasury Specialists, included but were not limited to:
	
	• assessing the process undertaken by management to measure and account for PDPs;
	• testing the design and implementation of selected controls in relation to the PDP input data and models; and
	• evaluating the appropriateness of the accounting policy adopted by management.
	
	Model methodology
	
	• developing an understanding and critically assessing methodology and assumptions used by the Group to determine the construction of the cash flow models;
	• assessing if the model methodology appropriately included the expected amounts and timing of cash flows from customers;
	• assessing the reasonableness of model parameters such as the period of cash flow forecasts; and
	• testing the mathematical accuracy of calculations in the models.
	
	Model inputs
	
	• testing a sample of current year additions, disposals and liquidations to underlying source documentation to assess the existence, accuracy and completeness of the model data;
	• assessing the reasonableness of the assumptions and key estimates used in the model with reference to historical experience by:
	  - testing a sample of customer account characteristics to source documentation or system information to assess the existence, accuracy and completeness of the model data;
	  - assessing the original CAEIRs used in the model for consistency to what had previously been determined and applied on historic PDPs in accordance with AASB 9; and
	  - performing sensitivity analysis and challenging management on cash flow forecast assumptions having a significant impact on model outputs such as liquidations.

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	Model outputs • testing the reasonableness of PDP interest income and impairment gains/losses calculated by management's models; • testing the reasonability of the mathematical outputs of the model forecasted cash flows for all customer account tranches; • testing the model performance retrospectively against the actual liquidations over the historical period; and • agreeing the model outputs to accounting entries recorded in the Group's financial report. *Model overlays* • Challenging the assumptions, judgements and quantifications made in determining the macro-economic outlook, model risk and operational risk overlays. We also assessed the adequacy of the disclosures in Note 15 to the financial statements.
Liquidity As at 30 June 2022, the Group has a positive working capital of $74.5m. As disclosed in note 3, during the period the Group completed a $200m refinancing of its Senior Debt Facility (' Senior Facility') and increased the Medium Term Notes ('MTNs') to $60m. The Senior Facility and MTNs contain covenants which are closely linked to the carrying value of the PDPs and the level and timing of forecasted cash flows including PDP acquisitions, liquidations and sales as disclosed in Note 19 to the financial statements. The achievement of the cash flow forecasts are inherently uncertain.	Our audit procedures included, but were not limited to: • assessing the process undertaken by management to develop the cash flow forecast for the 14-month period ending 31 August 2023; • Evaluating the quantum and timing of forecast cash flows in the cash flow forecast, in particular: - assessing forecasted PDP liquidations in the cash flow forecast against the underlying cash flow forecasts used for the determination of the amortised cost of the PDP; - comparing forecasted liquidations to historic levels for consistency; - assessing actual liquidations after year end against forecast liquidations; - comparing the forecasted portfolio acquisitions to historic levels as well as actual acquisitions subsequent to year end; - comparing forecasted employee benefits and other operating costs to historic levels for consistency; and - inspecting available evidence including recent market activity and industry reports, to challenge management's ability to conclude PDP sales • reading and understanding the key terms of the Senior Facility and the MTNs and: - evaluating the financing costs included in the cash flow model against the terms and conditions included in the Senior Facility and MTNs; - evaluating the covenant calculations for consistency with the definitions in the Senior Facility and MTNs; - inspecting correspondence with the financiers regarding

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	compliance with the loan agreements; and - assessing the forecasted covenant calculations over the period to August 2023, including applying sensitivities to PDP liquidations, acquisitions and sales to identify reasonably possible potential breaches. We also assessed the adequacy of the disclosures in Note 3 and Note 17 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

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Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 32 of the Directors' Report for the year ended 30 June 2022**.**

In our opinion, the Remuneration Report of Pioneer Credit Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Perth, 31 August 2022

Shareholder information

The shareholder information set out below was applicable as at 23 August 2022.

Distribution of securities

Analysis of numbers of equity security holders by size of holding

Holding	Holders	Ordinary shares
1 – 1,000	526	220,257
1,001 – 5,000	552	1,547,266
5,001 – 10,000	269	2,076,108
10,001 – 100,000	527	17,860,158
100,001 and over	151	90,240,304
	2,025	111,944,093

There were 581 holders of less than a marketable parcel of Ordinary shares.

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
Name	Number held	% of issued shares
Jamplat Pty Ltd	14,872,000	13.29
Mr Keith R John	11,617,934	10.37
Citicorp Nominees Pty Ltd	9,731,644	8.69
Pacific Custodians Pty Ltd <PNC Employee Sub-Register>	4,483,960	4.01
HSBC Custody Nominees (Australia) Limited	2,651,561	2.37
Pacific Custodians Pty Ltd <PNC EIP Trust>	2,111,489	1.89
Mrs Lilian Jeanette Warmbrand	1,654,217	1.48
S & G Morris Super Pty Ltd	1,320,498	1.18
ZLT Investment Co Pty Ltd	1,300,000	1.16
CS Third Nominees Pty Ltd	1,141,544	1.02
Wingate Corporate Credit Fund Pty Ltd	1,083,377	0.97
Mr Sunny Yang & Mrs Connie Yang	1,075,065	0.96
USB Nominees Pty Ltd	963,636	0.86
Mr Allan Hart	903,100	0.81
Mr Michael Smith	882,305	0.79
Wingate Investment Partners 3 Pty Ltd	840,033	0.75
BFA Super Pty Ltd	801,313	0.72
Jetan Pty Ltd	750,000	0.67
Ms Elif Ceren Gunes	749,479	0.67
Quinta Investment Management Pty Ltd	730,000	0.65

Unquoted equity securities

	Indeterminate rights	
Name	Number held	Number of holders
Mr Keith R John	425,000	1

	Performance rights	
Name	Number held	Number of holders
Employee Incentive Plan	3,719,000	7

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

Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	% of issued shares
Jamplat Pty Ltd	14,872,000	13.29
Mr Keith R John	11,617,934	10.37
Citicorp Nominees Pty Ltd	9,731,644	8.69

Securities subject to voluntary escrow

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

Voting rights

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